

Inherent Risk Analysis Report for Bank New York Banks

1. BSA/Sanctions Risk Assessment Executive Summary:

This report presents the findings of the Bank Secrecy Act (BSA)/Anti-Money Laundering (AML) and Office of Foreign Assets Control (OFAC) Risk Assessment conducted for Bank New York Banks (BNY). The assessment was performed from January 1st to December 31st, 2024, utilizing the 2920 Wall Street AI-based Risk Assessment (RA) Tool and methodology. The analysis focused on identifying inherent risks and evaluating the effectiveness of existing control measures. It is important to note that the data used for this assessment was provided by BNY and assumed to be accurate and reliable. However, 2920 Wall Street did not independently verify this data. Therefore, the findings should be viewed as indicative of risk levels and not precise metrics.

The analysis revealed a Moderate/High inherent risk for BSA/AML and a High inherent risk for OFAC, which are further detailed in the following sections. Notably, the assessment uncovered significant gaps in documentation related to Suspicious Activity Reporting (SAR) monitoring and procedures. The lack of information suggests a potential absence of a centralized SAR monitoring process, automated systems, and a documented internal SAR referral system, indicating a high inherent risk in this area. Moreover, the document provided did not contain information about the presence or absence of Non-Resident Alien (NRA) accounts, making it impossible to assess the inherent risk or mitigating

controls related to NRA customers.

1.1. About the Client:

BNY is a prominent financial institution with a substantial customer base and diverse product and service offerings.

1.2. Overview:

The objective of this risk assessment is to comprehensively evaluate BNY's inherent risks related to BSA/AML and OFAC compliance, as well as the effectiveness of existing control measures. Utilizing the 2920 Wall Street RA Tool, the assessment analyzed various risk categories, including:

* **Customer:** This category encompasses aspects such as customer stability, customer type, and the potential for high-risk customers.

* **Products and Services:** This category examines the inherent risks associated with different products and services offered by BNY, including online banking, electronic funds transfer, and lending.

* **Transaction:** This category focuses on the potential risks related to transaction types, volumes, and the nature of financial activities.

* **Geography:** This category assesses the risks posed by BNY's operations in different geographical locations, including high-risk areas and the involvement in cross-border transactions.

* **Employee:** This category analyzes the potential risks associated

with employee conduct, training, and internal controls.

The assessment utilized a five-phase approach, which included:

* **Risk Identification and Evaluation:** This phase involved identifying and evaluating the various risk categories relevant to BNY's operations.

* **Inherent Risk Analysis:** This phase assessed BNY's exposure to inherent risks without considering any mitigating controls.

* **Control and Mitigation Framework Assessment:** This phase examined the effectiveness of BNY's control mechanisms and strategies for mitigating identified risks.

* **Overall Risk Rating Determination:** This phase synthesized the data from the previous phases to generate overall ratings for inherent risk, control effectiveness, and residual risk.

* **Results Reporting and Review:** This phase included reviewing the preliminary findings with BNY's management and relevant officers to ensure accuracy and comprehensiveness.

1.3. Methodology of the AI-Based Risk Assessment Tool:

The 2920 Wall Street RA Tool employed a sophisticated methodology based on advanced algorithms and customized formulas to systematically assess and score the various dimensions of risk:

* **Risk Identification and Scoring:** The tool began with a

comprehensive identification of risk categories relevant to BNY's operations, examining the customer base, transaction types, product offerings, geographical locations, and other factors influencing BSA/AML and OFAC risks. Each risk category was then analyzed qualitatively and quantitatively to assign a preliminary Probability Score, reflecting the likelihood of risk occurrence based on BNY's risk profile.

*** **Inherent Risk Evaluation:**** The tool calculated an Inherent Risk Score for each category based on factors like customer demographics, product risk levels, transaction volumes, and geographic exposure. This scoring helped identify areas of high vulnerability to money laundering, terrorist financing, sanctions, or fraud.

*** **Mitigation and Control Analysis:**** The tool evaluated BNY's risk management framework, examining policies, procedures, and controls established to mitigate identified risks. Each control mechanism was scored against corresponding inherent risks to determine the effectiveness of BNY's risk mitigation strategies. This phase produced a Risk Mitigation and Controls Score for each risk category.

*** **Residual Risk Calculation:**** The RA Tool synthesized data from the previous phases to derive a Residual Risk Score for each risk category. This score reflected the remaining risk level after applying BNY's mitigating controls. The tool used custom-developed formulas to combine the scores of inherent risk and mitigating controls, thus determining the residual risk.

*** **Reporting and Analysis:**** The tool generated detailed reports providing insights into BNY's risk profile, including scores and ratings for inherent, mitigating, and residual risks across all assessed

categories. Analysts used these reports to discuss findings with BNY's management, ensuring accurate reflection of the risk landscape and facilitating informed decision-making.

1.4. Five-Phase Approach to BSA/AML and OFAC Risk Assessment:

This section details the specific steps taken during the five-phase approach to conducting the BSA/AML and OFAC Risk Assessment for BNY:

*** **Phase One: Risk Identification and Evaluation:****

*** **Customer Base:**** The initial analysis focused on BNY's diverse customer base, including high-risk segments like Money Service Businesses (MSBs), non-governmental organizations (NGOs), and foreign entities.

*** **Products and Services:**** The assessment considered BNY's diverse product and service offerings, particularly those with elevated BSA/AML risks, such as online banking and electronic funds transfer.

*** **Transaction Types:**** The assessment considered the types of transactions BNY handles, including high-volume transactions, cross-border payments, and transactions involving high-risk countries or jurisdictions.

*** **Geographical Footprint:**** The assessment took into account BNY's geographical footprint, including its branches and operations in high-risk areas or jurisdictions.

*** **Customer Relationships:**** The assessment considered the nature of BNY's customer relationships, including those with politically

exposed persons (PEPs) or entities with a history of regulatory scrutiny.

*** **Phase Two: Inherent Risk Analysis:****

*** **Customer Base:**** The assessment considered factors like the customer base's stability, diversity, and the presence of high-risk customers.

*** **Products and Services:**** The assessment evaluated the inherent risks associated with BNY's products and services, such as online banking, electronic funds transfer, and lending.

*** **Transaction Types:**** The assessment analyzed the inherent risks associated with various transaction types, including wire transfers, cash transactions, and international payments.

*** **Geographical Footprint:**** The assessment considered the inherent risks associated with BNY's operations in different regions, including high-risk countries or jurisdictions.

*** **Employee Risk:**** The assessment considered potential risks associated with employee conduct, such as bribery, fraud, and data breaches.

*** **Phase Three: Control and Mitigation Framework Assessment:****

*** **Management Oversight and Governance:**** The assessment evaluated the effectiveness of BNY's management oversight and governance structures in ensuring compliance with BSA/AML and OFAC regulations.

*** **Know Your Customer (KYC) Program:**** The assessment reviewed BNY's KYC procedures, including customer due diligence processes,

identity verification, and ongoing monitoring.

* **Anti-Money Laundering (AML) Controls:** The assessment evaluated the effectiveness of BNY's AML controls, including transaction monitoring systems, suspicious activity reporting procedures, and employee training.

* **Transaction Screening and Monitoring:** The assessment reviewed BNY's transaction screening and monitoring systems, including OFAC screening, BSA rules, and alert adjudication processes.

* **Customer Screening and Investigations:** The assessment reviewed BNY's customer screening processes, including watchlist checks and investigations in response to alerts.

* **Recordkeeping and Retention:** The assessment evaluated BNY's recordkeeping practices and retention policies to ensure compliance with regulatory requirements.

* **Phase Four: Overall Risk Rating Determination:**

* **Inherent Risk Rating:** This rating reflected the potential risk level for each category, based on the identified vulnerabilities.

* **Controls Rating:** This rating evaluated the effectiveness of BNY's controls in mitigating the identified inherent risks.

* **Residual Risk Rating:** This rating reflected the remaining risk level after applying BNY's mitigating controls.

* **Phase Five: Results Reporting and Review:**

* **Preliminary Findings Review:** The preliminary findings were discussed with BNY's management and relevant officers to ensure accuracy

and completeness.

* **Draft Report Review:** A draft report was prepared and shared with BNY for further review and input.

* **Final Report Formalization and Distribution:** After incorporating any necessary modifications, the final risk assessment report was formalized and distributed to relevant stakeholders.

1.5. Key Findings and Recommendations:

The risk assessment uncovered several key findings and recommendations for BNY to enhance its BSA/AML and OFAC compliance framework. These included:

* **Uncovered Inherent Risks with Insufficient Documentation:** The assessment revealed that BNY's risk assessment submissions lacked sufficient documentation regarding SAR monitoring systems, policies, and procedures. This gap indicates a high inherent risk related to the bank's ability to effectively identify and report suspicious activities.

* **Disproportionate Risk and Control Levels:** The assessment revealed that the level of inherent risk in certain areas, such as SAR monitoring, was high, while the corresponding controls were inadequate. This disparity highlighted potential vulnerabilities in BNY's risk management strategy.

* **Need for Enhanced Training and Awareness:** The assessment highlighted a need for enhanced training and awareness programs, particularly in areas of high inherent risk, to ensure all personnel are

equipped with the necessary knowledge and tools to effectively manage these risks.

* **Recommendations for System Model or Procedure Enhancements:** The assessment recommended specific enhancements to address areas where the inherent risk was high and controls were insufficient, such as developing new system models to better detect and mitigate risks or revising existing procedures to strengthen the control environment.

* **Strategic Recommendations for Risk Appetite Alignment:** The assessment provided strategic recommendations to align BNY's risk management practices with its risk appetite, suggesting adjustments to risk tolerance levels and implementing more stringent controls in areas of high inherent risk.

1.6. Uncovered Inherent Risks with Insufficient Documentation (Finding):

The lack of detailed information regarding SAR monitoring systems, policies, and procedures within the provided documents presents a significant concern. This absence suggests that BNY may not have a centralized SAR monitoring process, automated systems for identifying and reporting suspicious activities, or a documented internal SAR referral system. This gap indicates a high inherent risk for BSA/AML compliance.

1.7. Disproportionate Risk and Control Levels (Finding):

The absence of a robust SAR monitoring system and the lack of documented

procedures for SAR reporting contribute to a significant disparity between the high inherent risk associated with this area and the inadequate control measures in place. This imbalance highlights potential vulnerabilities in BNY's risk management strategy and necessitates immediate attention.

1.8. Need for Enhanced Training and Awareness (Finding):

The assessment revealed a need for comprehensive employee training and awareness programs focusing on SAR reporting and related procedures. This training should equip staff with the necessary knowledge and skills to effectively identify, assess, and report suspicious activities.

1.9. Recommendations for System Model or Procedure Enhancements (Recommendations):

To mitigate the identified risks related to SAR monitoring, BNY should prioritize the following enhancements:

* **Implementation of a Centralized SAR Monitoring System:** The bank should establish a centralized system to track, monitor, and manage SAR reporting activities. This system should be designed to automate key processes, such as alert generation, investigation management, and reporting.

* **Development of Automated SAR Monitoring Systems:** BNY should invest in automated SAR monitoring systems to identify and report suspicious activities with increased efficiency and accuracy. These

systems should utilize sophisticated algorithms and data analytics to identify suspicious patterns and transactions.

*** **Creation of a Documented Internal SAR Referral System:**** BNY should develop a comprehensive internal SAR referral system with clear procedures for identifying, documenting, and escalating suspicious activities within the organization. This system should ensure that all employees understand their responsibilities regarding SAR reporting.

1.10. Strategic Recommendations for Risk Appetite Alignment (Recommendations)

BNY should undertake the following strategic recommendations to align its risk management practices with its risk appetite and mitigate the identified risks:

*** **Increased Investment in Risk Management Resources:**** BNY should prioritize investment in additional personnel and resources to enhance its risk management capabilities, particularly in the area of BSA/AML compliance.

*** **Regular Risk Assessment Reviews:**** BNY should conduct regular reviews of its risk assessment framework to ensure its alignment with evolving regulatory requirements and industry best practices.

*** **Integration of Risk Management into Business Operations:**** BNY should integrate risk management principles and practices into all aspects of its business operations, promoting a culture of compliance and vigilance.

*** **Proactive Monitoring of Regulatory Changes:**** BNY should actively

monitor regulatory changes and updates related to BSA/AML and OFAC compliance and proactively adapt its policies and procedures accordingly.

2. Risk Assessment Framework:

This section outlines the foundational structure of the risk assessment, including the goals, methods, operational units evaluated, and the basis of data utilized.

2.1. Objectives:

The primary objectives of conducting this risk assessment were to:

* **Identify potential risks in BNY's operations related to BSA/AML and OFAC compliance:** This included identifying vulnerabilities in BNY's customer base, products and services, transactions, geographical footprint, and employee activities.

* **Evaluate the effectiveness of BNY's existing control measures:** This involved assessing the adequacy and effectiveness of BNY's KYC program, AML controls, transaction screening and monitoring systems, and other risk mitigation strategies.

* **Enhance BNY's overall risk management practices:** This included recommending improvements to BNY's policies, procedures, and systems to enhance its compliance framework and minimize its risk exposure.

2.2. Customer Base:

This section of the assessment focused on analyzing BNY's customer base, considering factors such as:

* **Customer Stability:** The assessment examined the stability of BNY's customer base, considering factors such as customer churn rates and the frequency of account activity changes.

* **Customer Type:** The assessment categorized BNY's customer base based on their risk profiles, including high-risk segments like MSBs, NGOs, and foreign entities.

* **Customer Due Diligence:** The assessment evaluated the effectiveness of BNY's customer due diligence (CDD) processes, including the completeness and accuracy of customer identification and verification procedures.

* **Geographic Distribution:** The assessment examined the geographical distribution of BNY's customer base, identifying potential concentrations in high-risk regions or jurisdictions.

2.3. Products:

This section of the assessment focused on evaluating the risks associated with BNY's products and services, considering factors such as:

* **Product Complexity:** The assessment considered the complexity of

BNY's products and services and their potential for facilitating money laundering or terrorist financing activities.

* **Transaction Volume and Frequency:** The assessment examined the volume and frequency of transactions associated with different products and services, identifying any potential red flags.

* **Customer Risk Profiles:** The assessment considered the risk profiles of customers utilizing different products and services, evaluating the potential for high-risk activities.

2.4. Geography:

This section of the assessment focused on analyzing the risks associated with BNY's operations in different geographical locations, considering factors such as:

* **Regulatory Environment:** The assessment evaluated the regulatory environment in the jurisdictions where BNY operates, considering potential differences in BSA/AML and OFAC requirements.

* **Presence of High-Risk Areas:** The assessment identified BNY's operations in high-risk areas or jurisdictions known for money laundering, terrorist financing, or sanctions violations.

* **Cross-Border Transactions:** The assessment evaluated the volume and nature of BNY's cross-border transactions, identifying potential risks associated with international transactions.

3. Control Environment:

This section examines the organizational framework for managing and mitigating risks, including governance, customer due diligence, and compliance processes.

3.1. Management Oversight and Governance:

This section evaluated the role of senior management and governance structures in overseeing BNY's risk management and compliance efforts. It considered factors such as:

* **Board Oversight:** The assessment evaluated the effectiveness of the board of directors' oversight of BNY's risk management and compliance program.

* **Management Commitment:** The assessment evaluated the commitment of senior management to BSA/AML and OFAC compliance, including the allocation of resources and the implementation of effective controls.

* **Compliance Structure:** The assessment evaluated the structure of BNY's compliance department, including the adequacy of staffing, expertise, and resources.

3.2. Know Your Customer (KYC) Program:

This section detailed the processes and procedures in place for identifying and verifying the identity of customers as part of BNY's due diligence practices. It considered factors such as:

* **Customer Onboarding:** The assessment evaluated the effectiveness of BNY's customer onboarding processes, including the collection and verification of customer identification documents.

* **Customer Due Diligence (CDD) Procedures:** The assessment evaluated the completeness and effectiveness of BNY's CDD procedures, including the identification of beneficial owners, risk assessment, and ongoing monitoring.

* **Enhanced Due Diligence (EDD):** The assessment evaluated BNY's EDD procedures for high-risk customers, ensuring appropriate enhanced scrutiny.

3.3. Anti-Money Laundering (AML) Controls:

This section reviewed the systems and controls established to prevent, detect, and report money laundering activities. It considered factors such as:

* **Transaction Monitoring Systems:** The assessment evaluated the effectiveness of BNY's transaction monitoring systems, including their ability to identify suspicious activity patterns and generate alerts.

* **Suspicious Activity Reporting (SAR) Procedures:** The assessment evaluated BNY's SAR procedures, including the process for identifying, documenting, and reporting suspicious activities.

* **Internal Controls:** The assessment evaluated the effectiveness of BNY's internal controls designed to mitigate money laundering risks,

including segregation of duties, approval processes, and recordkeeping requirements.

3.4. Transaction Screening and Monitoring:

This section described the mechanisms for screening and monitoring transactions to identify and manage potential risks of financial crime and sanctions violations. It considered factors such as:

* **OFAC Screening:** The assessment evaluated the effectiveness of BNY's OFAC screening processes, including the use of up-to-date sanctions lists and the ability to identify matches with customer data.

* **BSA Rules:** The assessment evaluated the effectiveness of BNY's BSA rules, including their ability to identify suspicious patterns and transactions that might be indicative of money laundering or terrorist financing activities.

* **Alert Adjudication:** The assessment evaluated BNY's alert adjudication processes, ensuring that alerts generated by the transaction monitoring systems are promptly investigated and appropriately escalated.

3.5. Customer Screening and Investigations:

This section outlined the procedures for screening customers against watchlists and conducting investigations in response to alerts. It considered factors such as:

* **Watchlist Screening:** The assessment evaluated BNY's procedures for screening customers against OFAC sanctions lists and other relevant watchlists.

* **Investigation Processes:** The assessment evaluated BNY's processes for investigating suspicious activities, including gathering evidence, documenting findings, and escalating concerns to appropriate authorities.

3.6. Recordkeeping and Retention:

This section detailed the policies and practices for maintaining accurate records and retaining them for the required period to ensure regulatory compliance and facilitate audits. It considered factors such as:

* **Recordkeeping Policies:** The assessment evaluated BNY's recordkeeping policies and procedures, ensuring that they comply with regulatory requirements.

* **Record Retention Periods:** The assessment evaluated BNY's record retention periods, ensuring that they meet the requirements of BSA/AML and OFAC regulations.

* **Data Security and Integrity:** The assessment evaluated BNY's data security and integrity measures, ensuring that records are protected from unauthorized access, modification, or disclosure.

3.7. Independent Testing and Regulatory Examinations:

This section explained the processes for conducting independent tests of the risk management framework and preparing for regulatory examinations. It considered factors such as:

* **Independent Testing:** The assessment evaluated the effectiveness of BNY's independent testing processes, including the frequency, scope, and methodology of these reviews.

* **Regulatory Examination Preparation:** The assessment evaluated BNY's processes for preparing for regulatory examinations, ensuring that the bank is adequately prepared to demonstrate compliance.

3.8. Residual Risk and Mitigation Strategies:

This section discussed the risks that remain after controls are applied and the strategies to further mitigate these residual risks. It considered factors such as:

* **Residual Risk Assessment:** The assessment evaluated the level of residual risk remaining after applying BNY's mitigating controls, identifying any areas where further action is necessary.

* **Mitigation Strategies:** The assessment identified specific mitigation strategies to further reduce residual risks, such as enhancing existing controls, implementing new procedures, or allocating additional resources.

4. Employee Training and Awareness:

This section details the training programs and initiatives designed to equip employees with the knowledge and skills necessary to comply with regulatory requirements and manage risks effectively. It considered factors such as:

* **Training Content:** The assessment evaluated the content of BNY's training programs, ensuring that they cover relevant topics, such as BSA/AML and OFAC regulations, KYC procedures, SAR reporting, and transaction monitoring.

* **Training Delivery:** The assessment evaluated the delivery of BNY's training programs, ensuring that they are engaging and effective in imparting knowledge and skills to employees.

* **Ongoing Training and Awareness:** The assessment evaluated BNY's ongoing training and awareness initiatives, ensuring that employees are kept up-to-date on evolving regulations and best practices.

5. Conclusion:

This section summarizes the key findings of the risk assessment and projects future trends and challenges in risk management and compliance. It provided a concise overview of the main insights and takeaways from the assessment, summarizing the critical elements discussed in the report.

Key Findings:

- * BNY faces a Moderate/High inherent risk for BSA/AML and a High inherent risk for OFAC.
- * The assessment uncovered significant gaps in documentation related to SAR monitoring systems, policies, and procedures.
- * The lack of information suggests a potential absence of a centralized SAR monitoring process, automated systems, and a documented internal SAR referral system, indicating a high inherent risk in this area.
- * The document provided did not contain information about the presence or absence of Non-Resident Alien (NRA) accounts, making it impossible to assess the inherent risk or mitigating controls related to NRA customers.
- * The assessment highlighted a need for enhanced employee training and awareness programs focusing on SAR reporting and related procedures.

Recommendations:

- * BNY should implement a centralized SAR monitoring system, develop automated SAR monitoring systems, and create a documented internal SAR referral system to mitigate the identified risks related to SAR monitoring.
- * BNY should increase investment in risk management resources, conduct regular risk assessment reviews, integrate risk management into business operations, and proactively monitor regulatory changes to align its risk

management practices with its risk appetite.

Future Trends and Challenges:

* The regulatory landscape for BSA/AML and OFAC compliance continues to evolve, requiring BNY to remain vigilant and proactive in adapting its compliance framework to address new requirements and challenges.

* The increasing use of technology and digital transactions creates new opportunities for financial crime, demanding that BNY develop robust systems and controls to effectively mitigate these risks.

* The growth of cross-border transactions and the interconnectedness of the global financial system increases the complexity of BSA/AML and OFAC compliance, requiring BNY to strengthen its understanding of international regulatory frameworks.

6. Appendices:

6.1. Appendix B: Supporting Documents:

The appendix will contain the following essential documents used to underpin the risk assessment analysis, which were provided by BNY:

* **BSA/AML and OFAC Risk Assessment Methodology:** This document details the approach used to evaluate the various elements contributing to the overall risk evaluation.

* **BSA/AML and OFAC Risk Policies and Procedures:** This document

outlines BNY's established frameworks and guidelines for managing compliance with BSA/AML and OFAC regulations.

* **Customer Due Diligence Procedures:** This document details BNY's procedures for identifying and verifying customer identities, including the collection and verification of supporting documentation.

* **Transaction Monitoring System (TMS) Reports:** This document provides data and insights from BNY's TMS, highlighting transaction patterns, alerts, and investigations.

* **Internal Audit Reports:** This document presents the findings of internal audit reviews related to BNY's BSA/AML and OFAC compliance program.

* **Regulatory Examination Reports:** This document provides insights into BNY's compliance with regulatory requirements, as assessed by external regulators.

* **Other Relevant Documentation:** This category will include any other documents provided by BNY that support the risk assessment analysis, such as customer profiles, transaction histories, and relevant internal policies.

6.2. Example:

This section provides an example of how the RA Tool's methodology was applied to evaluate a specific risk category:

Customer Type Risk Overview:

The Client's inherent customer type risk was categorized as High, mainly due to its diverse membership base, including sectors with elevated BSA/AML vulnerabilities such as Money Service Businesses and non-resident entities. However, with proficient risk mitigation measures in place, the residual risk was adjusted to Moderate/High.

Risk Categories and Mitigation:

The Client systematically addresses risk through comprehensive screenings and controls. Daily screenings are conducted to align with updated OFAC lists, using a transaction monitoring system (TMS) for real-time updates and management of high-risk customer segments.

Risk Mitigation and Controls:

The Client's adherence to robust OFAC compliance policies includes routine screenings of existing and potential customers against various sanctions lists, ensuring comprehensive coverage of regulatory requirements. The TMS system is crucial for maintaining up-to-date screenings and managing alerts efficiently, ensuring that the Client's risk exposure is managed effectively.

In terms of lending, thorough OFAC screenings are mandatory for all new loan applications, covering a wide range of parties involved in financial transactions. This extensive screening process extends to non-customers in specific scenarios, maintaining regulatory compliance

and minimizing potential sanctions risks.

Regulatory Compliance and Documentation:

The Client maintains detailed records of all screening activities, with the TMS system playing a pivotal role in documenting and managing the screening processes. This diligent approach to record-keeping and sanctions screening ensures compliance with regulatory standards and supports the overall effectiveness of the Client's risk management strategy.

Conclusion:

The combination of comprehensive screening procedures, efficient use of technology, and diligent regulatory compliance practices has enabled the Client to manage its customer type risk effectively, achieving a residual risk rating of Moderate/High. This outcome reflects the Client's commitment to maintaining a robust risk management framework, aligning with best practices outlined in the Risk Assessment Methodology.

This report provides a comprehensive overview of the BSA/AML and OFAC Risk Assessment conducted for BNY. The findings reveal areas requiring immediate attention, including the need for a robust SAR monitoring system, enhanced employee training, and alignment of risk management practices with BNY's risk appetite. By addressing these recommendations,

BNY can strengthen its compliance framework, minimize its risk exposure, and maintain a strong reputation in the financial industry.