



Regulatory Policy and Programs Division  
Financial Crimes Enforcement Network  
U.S. Department of the Treasury  
P.O. Box 39  
Vienna, Virginia 22183

November 15, 2011

Re: BSA Required Electronic Filing - Concerns Regarding Mandatory  
Compliance Date of June 30, 2012

Dear Sirs:

On behalf of HSBC Bank USA, N.A. ("HSBC" or the "Bank"), I am pleased to comment on FinCEN's proposal to require electronic filing of all but one of the Bank Secrecy Act ("BSA") reports beginning no later than June 30, 2012. We support FinCEN's efforts to continually improve and modernize the filing of BSA reports, and welcome the advantages that electronic filing brings with it. The Bank's primary concern at this juncture is the feasibility of meeting the mandatory compliance deadline from an information technology standpoint.

HSBC currently utilizes a customized CTR system, which is a Wolters Kluwer product, to batch file CTRs through the FinCEN electronic filing ("E-Filing") system. While the CTR system offers significant compliance benefits, the modifications required to be made to the product by the FinCEN proposal will entail significant in-house customizations to allow it to work within the Bank's unique environment, and leaves the Bank reliant on Wolters Kluwer's ability to comply with the new requirements.

FinCEN's proposal introduces a requirement that will alter certain field specifications within individual batch files. These specification changes will provide FinCEN with important additional data that will be requested in a specific, defined format. As such, the file specification fields within the CTR system will necessarily need to be updated in accordance with FinCEN guidelines prior to the mandatory compliance date in order for the Bank to continue batch filing CTRs using the E-Filing process. In order to do this, the Bank must:

1. Complete the CTR system update to the most recent version (currently in progress);
2. Modify (or create new) in-house customizations to the updated version of the CTR system;
3. Apply updates to the CTR system by implementing the Wolters Kluwer E-File specification release; and
4. Perform implementation testing with FinCEN's E-Filing system (i) to ensure that file submissions will be accepted, and (ii) to ensure full compliance with the new E-Filing standards.

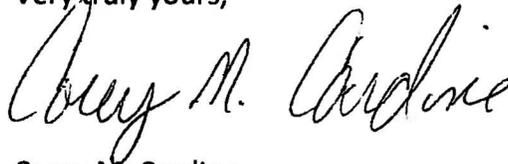
The Bank has received correspondence from Wolters Kluwer stating that it does not yet have an anticipated release date for the E-File specifications. An anticipated date should be available by mid to late December. Once this is released, it will need to be applied and tested.

The Bank is unconditionally reliant on this vendor release, along with FinCEN's test environment, which will likely be inundated with multiple requests for acknowledgement. It is our understanding that it currently takes approximately 4-8 weeks to receive a test acknowledgement. With multiple institutions sending test files within a short period of time, there is a likelihood that this turnaround time may increase.

Because of these factors, at this time we cannot be certain that we will be in a position to comply with the mandatory compliance date from a technology standpoint. We urge FinCEN to extend the compliance deadline, and to meet at the earliest convenient time with representatives of the banking industry to analyze the implementation issues around the new E-Filing requirements.

If you have any questions about our comment, please contact me at 212-525-2761 or at [corey.m.cardine@us.hsbc.com](mailto:corey.m.cardine@us.hsbc.com).

Very truly yours,

A handwritten signature in black ink that reads "Corey M. Cardine". The signature is written in a cursive style with a large initial 'C'.

Corey M. Cardine  
SVP AML Systems, Technology and Data Integrity  
HSBC Technology & Services USA