



# Department of Financial Services

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# Part 504

## **Transaction Monitoring & Filtering Program Requirements**

- Periodic Review & Update
- Risk Match to Institution
- Scenarios
- Testing

# Part 504

## Expectations

- Identification
- Validation
- Accuracy/Completeness
- Management Oversight
- Third Party Vendor Selection
- Personnel & Training

# Part 504

## Timelines

- January 1, 2017 – Effective Date of Regulation
- April 16, 2018 – First Certification of Compliance Was Due
- April 15 of Each Year – Submission of Required Certification Due

# Major BSA/AML Exam Findings

1. Transaction Monitoring
2. Management Oversight
3. Customer Due Diligence
4. Enhanced Due Diligence
5. Risk Rating Methodology
6. Policies and Procedures
7. SA Reporting and Monitoring

# Part 504

## **NYSDFS Industry Guidance**

- Frequently Asked Questions

[https://www.dfs.ny.gov/legal/dfs/trans\\_monitor\\_faqs.htm](https://www.dfs.ny.gov/legal/dfs/trans_monitor_faqs.htm)

- Regulation 504

# Cyber Security ?



*"You may want to look into getting a better ~~cybersecurity~~ cybersecurity system. I don't think that sign will be enough."*

# Cyber Security – Part 500 Timelines

## **March 1, 2017**

- Part 500 Became Effective

## **August 28, 2017**

- Compliance with Certain Requirements

## **February 15, 2018**

- Filing of First Certification of Compliance

## **March 1, 2018**

- End of Transitional Period



# Cyber Security – Part 500 Timelines

## **September 3, 2018**

- End of Next Transitional Period of NY's Cyber Regulation

## **February 15, 2019**

- Filing of Second Certification of Compliance

## **March 1, 2019**

- End of Final transitional Period/Final Effective Date for Regulation

## **February 15, 2020**

- Filing of Certification of Compliance for Third Parties

# Cyber Security – Part 500

## Who Is A Third Party Service Provider ?

- Non-Affiliate
- Provides Services to Covered Entity
- Permitted Access to Non-Public Information of Covered Entity

# Cyber Security-Part 500

## Policies and Procedures on Third Party Service Providers

- Identification & Risk Assessment
- Minimum Required Practices
- Due Diligence Processes to Evaluate Practices
- Periodic/Updated Assessments of Third Parties

# Cyber Security Event Reporting -23NYCRR

- Notice to NYDFS Within 72 Hours from Determination
  1. Impacting Covered Entity
  2. Reasonable Likelihood of Material Harm to Any Part of Normal Operations
- Notice to Customers/Consumers
- Unsuccessful Attacks

# Cyber Security – Part 500

## NYSDFS Cyber Security Resource Center

- December 21, 2018 Memo From Superintendent
- Text of regulation
- Frequently Asked Questions (FAQ)  
[https://www.dfs.ny.gov/about/cybersecurity\\_faqs.htm](https://www.dfs.ny.gov/about/cybersecurity_faqs.htm)
- Information About 2019 Filings