



Anti-Money Laundering Monitoring & Requirements Disclosure

The USA Patriot Act of 2001 adjusts the Bank Secrecy Act (BSA) by authorizing all financial institutions to implement Anti-Money Laundering (AML) systems. The Act aims to improve the United States' strategies to avoid, identify, and punish money laundering and terrorist funding.

FirstTrade has established a written AML program reasonably designed to comply with the requirements of the BSA and its implementing regulations, to detect and report suspicious transactions, set up and conduct employee training, and have independent audits conducted to test the effectiveness of our policies and procedures.

Under our AML program, the Risk-based procedures for customer due diligence that include understanding the nature and purpose of customer relationships and conducting ongoing monitoring to identify and report suspicious transactions, while maintaining and updating customer information, including the contact, financial, employment and investment profile information, and any beneficial owners of accounts. Therefore, we may ask you to provide various identification documents or other information. Until you provide the information or documents required, we may not be able to open an account, process any transactions for you, or provide other products or services to you.

Here is more AML related information:

What is money laundering?

The United States Department of Treasury defines money laundering as “financial transactions in which criminals, including terrorist organizations, attempt to disguise the proceeds, sources or nature of their illicit activities.” The prevention and detection of money laundering is a key component of the fight against large criminal enterprises that law enforcement may not be able to combat through typical means. As a FINRA member, it is critically important to be able to identify the warning signs of money laundering to avoid becoming unknowingly complicit in such transactions.

The Bank Secrecy Act (BSA)

Under the Bank Secrecy Act, every national bank and savings association must maintain a written program that is designed to monitor compliance with the Bank Secrecy Act through four pillars:

1. Training for appropriate personnel.
2. Designation of individuals responsible for monitoring compliance; and
3. Independent testing for compliance;
4. A system of internal controls to assure ongoing compliance;

The USA PATRIOT ACT

Shortly after the September 11, 2001, terrorist attacks, the United States also passed the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (USA PATRIOT Act), which made further enhancements to the requirements under the Bank Secrecy Act that were specifically aimed at preventing and detecting illegal financing activity by terrorist organizations. Section 352 of the USA PATRIOT Act required broker-dealers to comply with the four pillars of the Bank Secrecy Act.

FINRA RULE 3310

FINRA Rule 3310 (Anti-Money Laundering Compliance Program) requires that members develop and implement a written anti-money laundering (AML) program reasonably designed to comply with the requirements of the BSA and its implementing regulations.

In addition to complying with the four pillars of the Bank Secrecy Act, FINRA member firms must also comply with the requirements of FINRA Rule 3310, which states that “Each member shall develop and implement a written anti-money laundering program reasonably designed to achieve and monitor the member’s compliance with the requirements of the Bank Secrecy Act” and also that “Each member’s anti-money laundering program must be approved, in writing, by a member of senior management.” The requirements of the written program build upon the four pillars of the Bank Secrecy Act and include:

- Establishing and implementing policies and procedures that can be reasonably expected to detect and cause the reporting of required transactions;
- Establishing and implementing policies, procedures and internal controls reasonably designed to achieve compliance with the Bank Secrecy Act;
- Annual independent testing for compliance to be conducted by either FINRA member personnel or a qualified outside party. This is only required every two years (instead of annually) if the member firm does not execute transactions for customers or conducts business solely with other broker-dealers;
- Designate and identify to FINRA the individual(s) responsible for implementing and monitoring the day-to-day internal controls of the program, which must be promptly updated to FINRA upon any such changes in contact information or a change to a new individual;
- Ongoing training for appropriate personnel; and
- Risk-based procedures for customer due diligence that include understanding the nature and purpose of customer relationships and conducting ongoing monitoring to identify and report suspicious transactions, while maintaining and updating customer information, including any beneficial owners of accounts.

The four pillars of the Bank Secrecy Act are as relevant today as at any point during our history, but there have been important enhancements to modernize the regulations through the USA PATRIOT Act’s customer identification and verification policies and FinCEN’s Customer Due Diligence rule. Firsttrade continues to implement best practices for customer identification and transaction monitoring to ensure that criminal enterprises are not able to use the financial system to launder the money they obtain through illegal activities.