

Global Investment Bank

Client Situation & Challenge

Regulation D specifies how depository institutions should classify different types of deposits.

Our client, a global investment bank with significant market share in the transaction banking arena faced regulatory fines with regards to classification of accounts as either transaction or non-transaction. This is a significant classification which has a direct correlation to the Federal Reserve Bank (FRB) reserve requirements classification.

Approach

CrossCountry was engaged to assist the client with reviewing client accounts. Key activities included:

- Determining the original classification of the account as per signed client documentation.
- Reconciling differences between signed clients documentation and the nature of the accounts as per the transaction systems.
- Reviewing controls around the classification process, identifying gaps and recommending new controls or remediation of existing ones.
- Identifying gaps in the document archiving process as well as highlighting deficiencies in the archiving system.

Impact

- All defective accounts were identified and remediated within the time limit specified by the FRB.
- Document review highlighted gaps in the archiving system as well controls over the business processes which required remediation. CrossCountry was engaged to assist with the remediation plan.
- Gaps identified by CrossCountry resulted in a bank-wide and global review of all documentation, not only that relevant to Reg D.