

NEW YORK STATE DEPARTMENT
OF FINANCIAL SERVICES

In the Matter of X

Standard Chartered Bank,
New York Branch

X

SUPPLEMENTAL CONSENT
ORDER UNDER
NEW YORK BANKING LAW
§§ 39 and 44

The New York State Department of Financial Services (“the Department”) and Standard Chartered Bank (“SCB” or the “Bank”) (collectively the “Parties”) stipulate that:

WHEREAS, SCB is a foreign bank with complex operations and multiple business lines and legal entities in many countries worldwide, conducting global operations through various subsidiaries and entities, including its branch in New York, New York (“SCB-NY”); and

WHEREAS, the Department is the licensing agency of SCB-NY, pursuant to Article II of the New York Banking Law, responsible for its supervision and regulation; and

WHEREAS, on September 21, 2012, the Parties stipulated and agreed in a consent order to resolve and remediate the Department’s findings of certain deficiencies and apparent violations of laws and regulation (the “2012 Consent Order”); and

WHEREAS, pursuant to the 2012 Consent Order, SCB agreed to engage an on-site independent monitor (the “SCB Monitor”) for a period of twenty-four (24) months to examine and evaluate SCB-NY’s Bank Secrecy Act and Anti-Money Laundering (“BSA/AML”) operations, including SCB-NY’s transaction monitoring system; and

WHEREAS, among other things, the SCB Monitor subsequently determined that SCB-NY’s transaction monitoring system was inadequate to detect a significant number of potentially high-risk transactions for further review, due, in part, to a lack of sufficient (1) testing and analysis

both pre- and post- implementation of the transaction monitoring system, and (2) auditing of the transaction monitoring system; and

WHEREAS, to remediate these and related deficiencies, the Parties agreed in a Consent Order, dated August 19, 2014 (the “2014 Consent Order”) that SCB, to ensure compliance with the 2012 Consent Order and all applicable BSA/AML Requirements, would (1) take certain remedial measures and (2) extend the period of its engagement of the SCB Monitor for a period of two (2) additional years; and

WHEREAS, since the effective date of the 2014 Consent Order, SCB has satisfied such Order, to the extent of successfully implementing the obligation to identify originator and beneficiary information from its affiliated and non-affiliated clients; and

WHEREAS, SCB has made substantial progress in achieving the remediation contemplated by the 2012 Consent Order and 2014 Consent Order, and remains fully committed to satisfying its remaining obligations under these Orders; and

WHEREAS, in particular and without limitation, SCB-NY is in the process of upgrading its systems to implement a more effective transaction monitoring system for implementation and subsequent testing by the Bank and the SCB Monitor, as agreed under the terms of the 2014 Consent Order;

NOW, THEREFORE, the Parties agree and stipulate as follows:

1. The term of the engagement of the SCB Monitor shall be extended until December 31, 2018 to achieve the remediation contemplated by the 2012 Consent Order and 2014 Consent Order that has not yet been fully completed.

2. All other terms and conditions of the 2012 Consent Order and 2014 Consent Order remain in full force and effect.

3. In the event that the Department believes the Bank to be in material breach of this Supplemental Consent Order, the Department will provide written notice to the Bank and the Bank must, within ten business days of receiving such notice, or on a later date if so determined in the Department's sole discretion, appear before the Department to demonstrate that no material breach has occurred or, to the extent pertinent, that the breach is not material or has been cured.

4. The parties understand and agree that the Bank's failure to make the required showing within the designated time period shall be presumptive evidence of the Bank's breach. Upon a finding that the Bank has breached this Supplemental Consent Order, the Department retains all remedies and relief available to it under the New York Banking and Financial Services Laws, and may use any evidence available to the Department in any ensuing orders, hearings or notices.

5. The parties understand and agree that no provision of this Supplemental Consent Order is subject to review in any court or tribunal outside the Department.

6. This Supplemental Consent Order is binding on the Department and SCB, as well as any successors and assigns. This Supplemental Consent Order does not bind any federal or other state agency or law enforcement authority.

7. All notices or communications regarding this Supplemental Consent Order shall be sent to:

For the Department:

Megan Prendergast, Esq.
Deputy Superintendent
for Enforcement
One State Street
New York, NY 10004

Elizabeth Nochlin, Esq.
Senior Assistant Deputy Superintendent
for Enforcement
One State Street
New York, NY 10004

For SCB:

Scott Corrigan, Esq.
General Counsel, Europe & Americas
Standard Chartered Bank
1095 Avenue of the Americas
New York, NY 10036

8. Each provision of this Supplemental Consent Order shall remain effective and enforceable until stayed, modified, suspended, or terminated by the Department.

9. No promise, assurance, representation, or understanding other than those contained in this Supplemental Consent Order has been made to induce any party to agree to the provisions of this Supplemental Consent Order. For the avoidance of doubt, the scope of this Supplemental Consent Order is strictly limited to the terms and conditions of the 2012 Consent Order and 2014 Consent Order. This Supplemental Consent Order does not provide any release or immunity concerning any other violation of law or regulation or any other supervisory matter.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Consent Order to be executed as of this 21st day of April, 2017.

STANDARD CHARTERED BANK



By:
BILL WINTERS
Group Chief Executive

**NEW YORK STATE DEPARTMENT OF
FINANCIAL SERVICES**



By: Matthew L. Levine
MATTHEW L. LEVINE
Executive Deputy Superintendent for
Enforcement