# VELOXVFX LLC

## Proposal and Comment Information

**Title:** Anti-Money Laundering and Countering the Financing of Terrorism Programs, R-1835

**Comment ID:** FR-0000-0133-02-C09

## Submitter Information

**Organization Name:** VeloxVFX LLC

**Organization Type:** Company

**Submitted Date:** 07/12/2026

VeloxVFX LLC respectfully submits the attached public comment in response to the Board of Governors of the Federal Reserve System's proposed amendments concerning Anti-Money Laundering and Countering the Financing of Terrorism Programs, Docket R-1835 and RIN 7100-AG78.

The comment provides technology-neutral recommendations concerning program-condition readability, evidence continuity, supervisory reviewability, institutional responsibility, remediation, validation, closure, and preservation of agency and institutional authority.

The submission supports the Board's objective of requiring effective, risk-based AML/CFT programs while preserving proportionality, institutional discretion, technology neutrality, and clearly defined supervisory authority. It recommends that program design, establishment, implementation, deficiency, materiality, remediation, validation, and closure remain distinguishable through reviewable evidence and chronology.

This comment is submitted from an independent, architecture-oriented public-record perspective. It does not request agency adoption, endorsement, procurement, licensing, implementation, reliance, or approval of VeloxVFX LLC, its terminology, architecture, prior submissions, or intellectual property.

All AML/CFT obligations, sanctions decisions, customer due diligence, reporting decisions, governance approvals, examination conclusions, supervisory determinations, and enforcement actions remain with regulated institutions and responsible governmental authorities.

Submitted by: VeloxVFX LLC
Location: Bountiful, Utah, United States
Public reference: www.veloxvfx.com
Attachment: VeloxVFX LLC Public Comment - Federal Reserve Docket R-1835, RIN 7100-AG78

VELOXVFX LLC

PUBLIC COMMENT

# Anti-Money Laundering and Countering the Financing of Terrorism Programs

Program-Condition Readability, Evidence Continuity, Supervisory Reviewability, and Institutional-Authority Preservation

| | |
|---|---|
| **Agency** | Board of Governors of the Federal Reserve System |
| **Docket** | R-1835 |
| **RIN** | 7100-AG78 |
| **Federal Register** | 91 Fed. Reg. 42363; FR Doc. 2026-13919 |
| **Submitted by** | VeloxVFX LLC |
| **Public reference** | www.veloxvfx.com |
| **Date** | July 12, 2026 |

**PUBLIC-RECORD BOUNDARY**

This submission offers technology-neutral recommendations concerning program evidence, chronology, responsibility, remediation, validation, and supervisory reviewability. It does not request agency adoption, endorsement, procurement, implementation, licensing, or reliance, and it does not claim authority to perform AML/CFT, sanctions, customer-identification, supervisory, examination, enforcement, payment, custody, settlement, or reporting functions.

## Independent Architecture-Oriented Public-Record Submission

www.veloxvfx.com

# Contents



**FILING SCOPE**

This filing responds to every numbered question appearing in the Board's published request for comment. The published notice contains Questions 1 through 24, 26, 28, and 29; no Questions 25 or 27 appear in the published question list. The submission does not offer institution-specific cost, staffing, or implementation estimates without empirical banking data.

## I. Introduction and Regulatory Purpose

VeloxVFX LLC respectfully submits this comment in response to the Board of Governors of the Federal Reserve System's proposed amendments concerning anti-money laundering and countering the financing of terrorism programs for Board-supervised banks, Docket R-1835 and RIN 7100-AG78.

This comment supports the Board's objective of requiring effective, risk-based AML/CFT programs while preserving institutional discretion, technology neutrality, proportionality, and clearly defined supervisory authority. Its principal recommendation is that program design, implementation, deficiency, materiality, remediation, validation, and closure remain distinguishable through reviewable evidence and chronology.

The submission does not request recognition of the commenter, its terminology, prior submissions, intellectual property, or any particular implementation. All legal obligations, risk determinations, customer due diligence, sanctions decisions, reporting decisions, governance approvals, supervisory conclusions, and enforcement actions remain with regulated institutions and responsible governmental authorities.

## II. Agency-Usefulness Standard

The recommendations are intended to assist the Board in writing and administering a final rule that is clear, proportionate, technology-neutral, and capable of consistent supervisory application. The evidentiary framework is not offered as a proprietary compliance system. It is offered only as a method for organizing evidence, responsibility, chronology, and program condition.

## III. Executive Summary

- Retain the distinction between establishment and maintenance, but clarify the evidence that supports each condition.
- Evaluate effectiveness through observable program conditions, not as a guarantee of perfect detection or prevention.
- Distinguish program-level and component-level conditions so isolated deficiencies do not automatically become total program failure.
- Use non-exclusive, context-dependent factors for significant or systemic failure: scope, duration, recurrence, exposure, control impact, data integrity, management knowledge, governance impact, interdependence, and remediation response.
- Preserve bank discretion while requiring a reviewable relationship among current risk, material resource decisions, known limitations, and reevaluation triggers.
- Permit multiple risk-assessment processes when ownership, terminology, materiality principles, conflict resolution, consolidation, and implementation traceability remain coherent.
- Use compatible terminology and evidence relationships across agencies without consolidating or transferring statutory authority.
- Preserve a minimum evidence chain from risk signal through closure and residual risk.
- Tailor implementation to size, complexity, activities, and risk while retaining a common minimum evidentiary core.

| RECOMMENDED RULEMAKING POSTURE |
|---|
| Preserve flexibility in method and technology, but identify minimum evidentiary relationships |

that make the exercise of discretion, the condition of a program, and the basis for remediation or escalation reviewable.

## IV. Limited Background

Beginning in August 2025, the commenter communicated certain architecture-oriented concepts through direct federal outreach. As relevant public rulemaking opportunities became available, the commenter later participated through formal public-comment channels, initially anonymously and subsequently under the name VeloxVFX LLC. This limited background is included only to describe the development of the commenter's public participation and does not imply agency adoption, endorsement, reliance, approval, implementation, affiliation, or causation.

## V. Primary Regulatory Recommendation

The final rule should preserve the distinction between establishment and maintenance while clarifying the observable conditions and evidentiary relationships that distinguish design, implementation, deficiency, materiality, remediation, validation, and closure. The Board should preserve flexibility in method and technology while identifying minimum relationships among risk information, authorized decisions, implementation records, testing evidence, remediation, and governance review.

## VI. Program-Condition Readability Principle

**PROGRAM-CONDITION READABILITY PRINCIPLE**

A principle-based AML/CFT program becomes more reviewable when each material condition and transition can be distinguished through evidence preserving chronology, responsibility, governance, implementation status, remediation status, and institutional authority. The evidentiary structure should support, but should not replace, legal judgment, bank responsibility, examination, supervision, or enforcement.

## VII. Program Chronology and Evidence Continuity

A reviewable chronology should be capable of explaining not only the final condition of a program, but how that condition developed. The following sequence is illustrative and format-neutral:

- risk information received;
- preliminary significance review;
- decision whether to update a risk assessment;
- policy or control determination;
- approval by the responsible authority;
- implementation;
- testing or monitoring;
- identification and classification of a deficiency;
- materiality assessment and escalation;

- remediation;
- independent validation;
- closure and residual-risk determination.

The final rule need not require these records to exist in one system or format. The objective is a traceable relationship among material events, decisions, responsibilities, and outcomes.

## VIII. Program-Condition Framework

| Program Condition | Purpose | Authority Boundary |
|---|---|---|
| **Program Design** | Required components, responsibilities, controls, testing, training, and governance are defined. | Does not establish legal sufficiency. |
| **Program Established** | Required program components are approved and reasonably designed for the current risk profile. | Final determination remains with the institution and supervisors. |
| **Implementation Active** | Approved components are operating in practice. | Does not perform compliance operations. |
| **Risk Change Observed** | A change potentially affecting ML/TF risk has been identified. | Does not determine significance. |
| **Deficiency Observed** | A weakness, variance, or failure has been identified but not finally classified. | Does not label the issue material or systemic. |
| **Materiality Assessment** | Scope, duration, recurrence, exposure, control effect, knowledge, governance, and response are evaluated. | Human and institutional judgment remains controlling. |
| **Remediation Required** | Corrective action, ownership, timing, and validation requirements are assigned. | Does not direct enforcement. |
| **Validation Pending** | Correction has been implemented but independent confirmation remains pending. | Does not certify closure. |
| **Remediation Validated** | Independent evidence confirms the correction. | Does not bind supervisors. |
| **Closure Record** | Final disposition, residual risk, approval, and follow-up are | Does not eliminate legal or |

| Program Condition | Purpose | Authority Boundary |
|---|---|---|
| | preserved. | supervisory review. |
| **Audit Continuity** | Outcome, chronology, evidence, and disclosure references are preserved. | Does not perform the underlying decision or execution. |

## IX. Responses to the Board's Numbered Questions

### Question 1 - Meaning of an Effective AML/CFT Program

*Is the description of an effective program sufficiently clear?*

Yes. Additional clarification would improve consistency.

An effective program should be properly established, reasonably designed for the institution's current risk profile, implemented in all material respects, updated when significant risk changes occur, and supported by evidence of decisions, testing, remediation, validation, and governance review.

Effectiveness should not mean that every instance of illicit activity will be detected, every control will operate without exception, or every residual risk will be eliminated.

**RECOMMENDED APPROACH**

Define effectiveness as a program-level conclusion supported by establishment and implementation evidence, not a guarantee of perfect detection or prevention.

### Question 2 - Bank Discretion and Risk-Based Resource Allocation

*Should the Board preserve bank discretion in identifying risks and allocating resources?*

The Board should preserve flexibility.

Institutions differ in size, structure, customer base, products, services, geography, delivery channels, technology, and risk profile. A uniform allocation formula would not reflect those differences.

Material allocation decisions become more reviewable when the institution preserves the risk information considered, decision owner, affected component, known limitations, reevaluation triggers, and relevant control-health indicators.

**RECOMMENDED APPROACH**

Preserve discretion while requiring a reviewable relationship among current risk, material resource decisions, known limitations, and reevaluation triggers.

### Question 3 - Distinguishing Establishment From Maintenance

*Should the Board further define establishing and maintaining a program?*

Yes. The terms should be distinct but connected.

Establishment concerns whether required components, responsibilities, risk processes, controls, testing, training, and governance have been designed, approved, and remain reasonably suited to the current risk profile.

Maintenance concerns whether the approved program operates in practice through personnel, controls, systems, monitoring, testing, training, escalation, and governance.

**RECOMMENDED APPROACH**

Define establishment as the existence and current suitability of the approved program, and maintenance as implementation in practice.

### Question 4 - Whether the Distinction Should Be Modified

*Should the distinction between establishing and maintaining be modified?*

The distinction should be retained.

Design and implementation failures require different analysis and remediation. The Board should clarify when an implementation problem may undermine continuing establishment, including repeated failures, material resource or governance limitations, or a known significant risk change that is not incorporated.

**RECOMMENDED APPROACH**

Retain the distinction but identify evidence-based transition conditions from implementation variance to design reevaluation.

### Question 5 - Program-Level and Component-Level Conditions

*Should the rule distinguish program-level conditions from individual mandatory components?*

Yes. The final rule should distinguish both levels.

A program may remain established while containing a remediable component deficiency. Conversely, the presence of individual documents or controls does not necessarily establish that the overall program is coherent or current.

Component conditions should roll up to a program-level view according to scope, duration, recurrence, materiality, interdependence, and effect on implementation in all material respects.

**RECOMMENDED APPROACH**

Require distinguishable program-level and component-level analysis.

### Question 6 - Significant or Systemic Failure

*Is clarification needed regarding significant or systemic failure?*

Yes. No single numerical threshold should control.

The Board should identify non-exclusive factors: scope, duration, recurrence, exposure, control impact, data integrity, management knowledge, response, governance impact, and interdependence.

The relevance and weight of each factor should depend on the institution's size, complexity, activities, and risk profile.

**RECOMMENDED APPROACH**

Use non-exclusive, context-dependent factors and preserve the distinction between one-time exceptions and recurring or structurally embedded weakness.

### Question 7 - Failure to Establish

*Is clarification needed regarding failure to establish an AML/CFT program?*

Yes. The finding should be reserved for substantial conditions.

Possible indicators include absence of a required component, material incompleteness, unsupported approval, a design not reasonably suited to known risk, failure to incorporate a known significant risk change, governance or authority defects, or documentation so incomplete that design and responsibility cannot reasonably be determined.

Isolated operational error should not, by itself, be treated as failure to establish.

**RECOMMENDED APPROACH**

Reserve failure-to-establish findings for absence, material incompleteness, unsupported approval, unsuitable design, or evidence that the program can no longer reasonably operate as designed.

### Question 8 - Harmony Among FinCEN, the Board, and the Agencies

*How should the rule promote harmony while preserving separate legal responsibilities?*

Harmony should mean compatibility, not consolidation of authority.

The agencies should pursue compatible terminology, evidence classes, consultation records, and procedural status references for establishment, maintenance, materiality, significant failure, systemic failure, remediation, validation, and closure.

The identity of the institution or agency responsible for each determination should remain explicit.

**RECOMMENDED APPROACH**

Use compatible terminology and evidence relationships while preserving each agency's statutory jurisdiction and each institution's operational responsibility.

### Question 9 - Expected Changes to Policies, Procedures, and Controls

*Do banks expect changes under the proposed risk-based and reasonably designed standard?*

The commenter does not offer institution-specific estimates.

Conceptually, institutions may review whether their records distinguish design from implementation, program-level from component-level condition, isolated from recurring deficiency, remediation completion from independent validation, and administrative closure from validated closure.

The Board should avoid assuming a uniform implementation burden across institutions.

**RECOMMENDED APPROACH**

Encourage institutions to assess traceability without prescribing a particular system, vendor, or technology.

### Question 10 - Multiple Risk-Assessment Processes

*Does the plural formulation provide sufficient flexibility?*

Yes. The Board should preserve the plural formulation.

Multiple processes may address separate legal entities, products, services, customer types, geographies, channels, technologies, business units, or specialized risk categories.

They remain coherent when connected through mapped terminology, documented ownership, common materiality principles, conflict-resolution procedures, escalation, consolidation, preserved chronology, and traceable incorporation into controls.

**RECOMMENDED APPROACH**

Allow multiple processes when responsibility, terminology, conflict resolution, consolidation, and implementation traceability remain coherent and reviewable.

### Question 11 - Additional Risk-Assessment Criteria

*Should additional or different criteria be required?*

The listed criteria should remain non-exclusive.

The final rule should permit institutions to consider additional factors relevant to their profile, including changes in customer relationships, products and services, delivery channels, geography, transaction patterns, technology, data quality, third-party dependencies, legal requirements, typologies, and known control limitations.

The Board should avoid a closed checklist that becomes stale or substitutes for judgment.

**RECOMMENDED APPROACH**

Use a non-exclusive factor set and require institutions to explain why additional material factors were included or excluded.

## Question 12 - Time to Incorporate Risk-Assessment Results

*How long does incorporation generally take, and what determines the time frame?*

A single universal time period would be inappropriate.

Timing depends on significance, urgency, scope, legal requirements, control complexity, data availability, governance approval, testing needs, third-party dependencies, and whether interim mitigation is available.

The record should distinguish immediate containment, interim treatment, permanent control change, testing, and final validation.

**RECOMMENDED APPROACH**

Use risk-tiered timing supported by documented milestones rather than one fixed universal deadline.

## Question 13 - Difficulties Incorporating AML/CFT Priorities

*What difficulties may arise when incorporating national priorities?*

The principal risk is translation inconsistency.

National priorities are broad and may not map directly to every institution, product, customer base, or geographic footprint. Institutions may struggle with overlapping priorities, limited data, changing typologies, and uncertainty over whether a priority requires a control change or only continued monitoring.

The final rule should preserve institution-specific applicability analysis.

**RECOMMENDED APPROACH**

Require documented applicability and materiality analysis, not automatic one-to-one control creation for every national priority.

## Question 14 - Guidance on AML/CFT Priorities

*What additional guidance would be useful?*

Guidance should focus on translation and evidence.

Useful guidance would explain how an institution may document applicability, materiality, existing coverage, identified gaps, interim controls, governance approval, implementation timing, testing, and reevaluation.

Illustrative examples should include community, regional, and complex institutions without becoming mandatory templates.

**RECOMMENDED APPROACH**

Provide examples of priority-to-risk translation while preserving institution-specific judgment and proportionality.

## Question 15 - Prompt Updates After Significant Risk Change

*Should the Board clarify prompt updates and the significant/material standard?*

Yes. The final rule should clarify both trigger and timing.

A risk change should enter a documented significance review when known or reasonably knowable. Promptness should be measured from the point at which sufficient information exists to make a responsible preliminary determination, not from the first unverified signal.

Periodic review alone is insufficient for significant changes, but periodic review remains useful for detecting accumulated or slow-moving changes.

**RECOMMENDED APPROACH**

Use a trigger-based process with immediate triage, risk-based interim treatment, documented update timing, and escalation for delay.

## Question 16 - Feedback Loop Between Risk and Assessment Processes

*How do risk and risk-assessment processes affect one another?*

The final rule should recognize an iterative feedback loop.

New risk information may alter assumptions, classifications, controls, testing scope, training, resource allocation, and governance attention. Operating results and control failures may in turn reveal that the prior assessment was incomplete or outdated.

The chronology should preserve signal, triage, assessment decision, control action, testing, recurrence, and reevaluation.

**RECOMMENDED APPROACH**

Require a reviewable feedback loop without prescribing a single system or update cadence.

## Question 17 - Independent AML/CFT Program Testing

*Is further clarification necessary for independent testing?*

Yes. Clarification should focus on independence, scope, and effectiveness.

Testing should be independent of the activities tested, risk-based, appropriately skilled, and supported by access to necessary records. The testing plan should address design, implementation, data integrity, governance, remediation, and recurrence where relevant.

Outside providers should not displace bank ownership, and internal testers should have sufficient organizational authority and freedom from conflicts.

**RECOMMENDED APPROACH**

Clarify functional independence, risk-based scope, competence, access, documentation, remediation tracking, and validation of closure.

### Question 18 - AML/CFT Officer Located in the United States

*Are further clarifications needed regarding offshore personnel?*

Limited clarification would improve responsibility and information boundaries.

The U.S.-located officer should retain authority, accountability, access, and escalation capability. Offshore personnel may support permitted functions, but access to SARs and other restricted information must remain governed by applicable law and guidance.

The institution should document delegated functions, access limits, supervision, escalation, and continuity arrangements.

**RECOMMENDED APPROACH**

Preserve the U.S.-located officer requirement while clarifying delegation, access, accountability, and restricted-information boundaries.

### Question 19 - Written AML/CFT Program

*Which program elements should be written, and in what form and detail?*

The written requirement should be retained and interpreted functionally.

Material program elements should be documented, including governance, risk-assessment processes, internal controls, monitoring and escalation frameworks, testing, training, designated responsibility, material exceptions, remediation, validation, and approval history.

Documentation may consist of narratives, policies, procedures, checklists, system configurations, electronic records, or linked repositories. The rule should not require all evidence in one document.

**RECOMMENDED APPROACH**

Retain a written requirement, define minimum documented relationships, and remain neutral as to format and storage medium.

### Question 20 - Approval of the Written Program

*What aspects require board, governing-body, or senior-management approval?*

Use tiered approval tied to materiality and responsibility.

The board or equivalent body should approve the overall framework, risk appetite where applicable, governance, accountability, and material program changes. Appropriate senior management may approve detailed procedures, operational parameters, and non-material revisions under documented delegation.

Material changes to risk methodology, monitoring architecture, governance, or core responsibilities should require approval at a level commensurate with their significance.

**RECOMMENDED APPROACH**

Preserve mandatory leadership approval, but permit documented delegation and tiered approval rather than requiring board review of parameter-level detail.

### Question 21 - Supervisory Significant or Systemic Failure

*Is supervisory clarification needed for significant or systemic implementation failure?*

Yes. The same core factors should apply consistently.

Supervisory classification should consider scope, duration, recurrence, exposure, control impact, data integrity, management knowledge, governance, interdependence, and remediation response.

A supervisory finding should identify the basis, affected component, effective date, expected response, and current status.

**RECOMMENDED APPROACH**

Use a consistent factor-based framework and preserve a reviewable supervisory classification record.

### Question 22 - Supervisory Failure to Establish

*Is supervisory clarification needed for failure to establish?*

Yes. The standard should remain higher than isolated deficiency.

The finding should be tied to absence, material incompleteness, unsupported approval, unsuitable design, failure to address known significant risk change, or evidence that the program cannot reasonably operate as designed.

The record should distinguish preliminary concern, final finding, remediation requirement, reevaluation, and closure.

**RECOMMENDED APPROACH**

Reserve the classification for substantial program-level conditions and distinguish it from component deficiency or implementation variance.

### Question 23 - Consultation and Information Sharing With FinCEN

*Should the Board include consultation and information-sharing provisions similar to the other agencies?*

Yes, provided authority and confidentiality boundaries are explicit.

Compatible provisions may reduce divergence and support national consistency. The rule should identify when consultation occurs, what information may be shared, who retains decisional authority, how disagreement is documented, and how confidentiality and privilege are protected.

Consultation should not merge supervisory or enforcement authority.

**RECOMMENDED APPROACH**

Include compatible provisions that preserve jurisdiction, confidentiality, responsibility, and decision status.

## Question 24 - Meaning of Any Written Communication

*Is the term any written communication too broad?*

Yes. The term is overinclusive without qualification.

Routine examination correspondence, requests for information, preliminary observations, administrative notices, and informal communications should not automatically become significant supervisory actions.

The definition should turn on substance, authority, finality, required corrective action, and consequences, not merely the existence of writing.

**RECOMMENDED APPROACH**

Replace or narrow the phrase to final or formally designated written supervisory communications that require material corrective action or carry defined supervisory consequences.

## Question 26 - Definition of Significant AML/CFT Supervisory Action

*Is the definition sufficiently clear, including unsafe or unsound practices or conditions?*

Additional clarification would reduce category confusion.

The rule should explain the relationship between BSA/AML deficiencies and safety-and-soundness concepts, identify whether the latter are independent grounds or contextual factors, and avoid implying that every unsafe or unsound condition is an AML/CFT supervisory action.

The classification should preserve statutory basis, issuing authority, required response, and status.

**RECOMMENDED APPROACH**

Define the covered action by legal basis, materiality, formal status, and required corrective consequence.

## Question 28 - Tailoring and Proportionality

*Should requirements or timelines be tailored to size, complexity, or risk profile?*

Yes. Proportionality should be explicit.

The rule should avoid imposing large-bank complexity on smaller institutions while preserving a common minimum evidentiary core. Tailoring may affect documentation depth, governance layers, testing scope, technology, and implementation sequencing.

Tailoring should not eliminate accountability for material risks.

**RECOMMENDED APPROACH**

Scale method and burden by size, complexity, activities, and risk while preserving minimum traceability, responsibility, remediation, and validation.

### Question 29 - Effective Date

*Is a 12-month effective date appropriate?*

Twelve months may be reasonable as a baseline, but flexibility is warranted.

The adequacy of the period will depend on the final rule's changes, availability of guidance, required system modifications, contract dependencies, governance approvals, testing, training, and institution complexity.

The Board should issue final interpretive guidance sufficiently before the effective date and consider phased or limited extensions where documented implementation dependencies are substantial.

**RECOMMENDED APPROACH**

Retain a 12-month baseline with timely guidance, staged milestones, and narrowly tailored extension authority where justified.

## X. Consolidated Agency-Responsibility Matrix

| Actor | Primary Responsibility | Boundary Principle |
|---|---|---|
| **Treasury / FinCEN** | National BSA program standards, AML/CFT priorities, consultation, and information usefulness. | National policy and BSA rulemaking remain distinct. |
| **Federal Reserve Board** | Regulation H requirements, supervision, examination, and enforcement for Board-supervised institutions. | Board authority does not displace bank operational responsibility. |
| **OCC / FDIC / NCUA** | Supervision and administration within each agency's statutory jurisdiction. | Compatible terminology does not merge jurisdiction. |
| **Regulated institution** | Risk assessment, resource allocation, program design, implementation, | Institution retains legal and operational responsibility. |

| Actor | Primary Responsibility | Boundary Principle |
|---|---|---|
| | testing, reporting, remediation, and governance. | |
| **Private provider or commenter** | Technical tools, records, or analysis under institutional direction. | No compliance, supervisory, enforcement, or regulatory authority. |

## XI. Limited Technical Context and Non-Implication Statement

The classifications and evidentiary relationships discussed in this comment reflect previously developed technical and architectural work. They are offered solely for potential regulatory usefulness and not as a proprietary compliance system, required implementation model, or intellectual-property presentation.

The architecture does not determine risk, perform AML/CFT procedures, conduct customer due diligence, screen sanctions, determine suspicious activity, file reports, approve or reject transactions, route or settle transactions, control custody, supervise institutions, examine banks, or exercise enforcement authority. Its limited relevance is to organizing evidence, chronology, responsibility, program condition, recurrence, remediation, validation, and closure.

## XII. Conclusion

The Board's proposed rule presents an important opportunity to improve the clarity and administration of AML/CFT program requirements while preserving risk-based judgment, institutional discretion, proportionality, technology neutrality, and appropriate supervisory authority.

The central recommendation is that the final rule identify minimum evidentiary relationships without prescribing a particular technology or operating architecture. Those relationships should permit institutions and supervisors to determine what risk was identified, what decision was made, who possessed responsibility, whether implementation occurred, whether a deficiency arose or recurred, whether remediation was completed and independently validated, and what residual risk remained at closure.

This architecture does not replace law, institutional judgment, governance, examination, supervision, or enforcement. It is intended only to improve clarity, chronology, consistency, and reviewability.

Respectfully submitted,

**VeloxVFX LLC**

Independent Architecture-Oriented Public-Record Commenter

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## Appendix A - Minimum Evidence Chain

1. Risk signal or change event.
2. Triage and preliminary significance review.

3. Risk-assessment update or documented decision not to update.
4. Policy or control-design decision.
5. Approval at the appropriate governance level.
6. Implementation or change record.
7. Performance, monitoring, or testing evidence.
8. Deficiency classification and escalation.
9. Remediation ownership, timing, and exception record.
10. Independent testing or validation.
11. Closure decision and residual-risk record.
12. Reevaluation trigger and audit-continuity preservation.

**FORMAT NEUTRALITY**

The evidence chain need not exist in a single document or system. The objective is a traceable relationship among material events, decisions, responsibilities, and outcomes.

## Appendix B - Complete Question Crosswalk

| Question | Board Issue | Response Principle |
|---|---|---|
| **1** | Meaning of an Effective AML/CFT Program | Define effectiveness as a program-level conclusion supported by establishment and implementation evidence, not a guarantee of perfect detection or prevention. |
| **2** | Bank Discretion and Risk-Based Resource Allocation | Preserve discretion while requiring a reviewable relationship among current risk, material resource decisions, known limitations, and reevaluation triggers. |
| **3** | Distinguishing Establishment From Maintenance | Define establishment as the existence and current suitability of the approved program, and maintenance as implementation in practice. |
| **4** | Whether the Distinction Should Be Modified | Retain the distinction but identify evidence-based transition conditions from implementation variance to design reevaluation. |
| **5** | Program-Level and Component-Level Conditions | Require distinguishable program-level and component-level analysis. |
| **6** | Significant or Systemic Failure | Use non-exclusive, context-dependent factors and preserve the distinction between one-time exceptions and recurring or structurally |

| Question | Board Issue | Response Principle |
|---|---|---|
| | | embedded weakness. |
| **7** | Failure to Establish | Reserve failure-to-establish findings for absence, material incompleteness, unsupported approval, unsuitable design, or evidence that the program can no longer reasonably operate as designed. |
| **8** | Harmony Among FinCEN, the Board, and the Agencies | Use compatible terminology and evidence relationships while preserving each agency's statutory jurisdiction and each institution's operational responsibility. |
| **9** | Expected Changes to Policies, Procedures, and Controls | Encourage institutions to assess traceability without prescribing a particular system, vendor, or technology. |
| **10** | Multiple Risk-Assessment Processes | Allow multiple processes when responsibility, terminology, conflict resolution, consolidation, and implementation traceability remain coherent and reviewable. |
| **11** | Additional Risk-Assessment Criteria | Use a non-exclusive factor set and require institutions to explain why additional material factors were included or excluded. |
| **12** | Time to Incorporate Risk-Assessment Results | Use risk-tiered timing supported by documented milestones rather than one fixed universal deadline. |
| **13** | Difficulties Incorporating AML/CFT Priorities | Require documented applicability and materiality analysis, not automatic one-to-one control creation for every national priority. |
| **14** | Guidance on AML/CFT Priorities | Provide examples of priority-to-risk translation while preserving institution-specific judgment and proportionality. |
| **15** | Prompt Updates After Significant Risk Change | Use a trigger-based process with immediate triage, risk-based interim treatment, documented update timing, and escalation for delay. |
| **16** | Feedback Loop Between Risk and Assessment Processes | Require a reviewable feedback loop without prescribing a single system or update cadence. |

| Question | Board Issue | Response Principle |
|---|---|---|
| **17** | Independent AML/CFT Program Testing | Clarify functional independence, risk-based scope, competence, access, documentation, remediation tracking, and validation of closure. |
| **18** | AML/CFT Officer Located in the United States | Preserve the U.S.-located officer requirement while clarifying delegation, access, accountability, and restricted-information boundaries. |
| **19** | Written AML/CFT Program | Retain a written requirement, define minimum documented relationships, and remain neutral as to format and storage medium. |
| **20** | Approval of the Written Program | Preserve mandatory leadership approval, but permit documented delegation and tiered approval rather than requiring board review of parameter-level detail. |
| **21** | Supervisory Significant or Systemic Failure | Use a consistent factor-based framework and preserve a reviewable supervisory classification record. |
| **22** | Supervisory Failure to Establish | Reserve the classification for substantial program-level conditions and distinguish it from component deficiency or implementation variance. |
| **23** | Consultation and Information Sharing With FinCEN | Include compatible provisions that preserve jurisdiction, confidentiality, responsibility, and decision status. |
| **24** | Meaning of Any Written Communication | Replace or narrow the phrase to final or formally designated written supervisory communications that require material corrective action or carry defined supervisory consequences. |
| **26** | Definition of Significant AML/CFT Supervisory Action | Define the covered action by legal basis, materiality, formal status, and required corrective consequence. |
| **28** | Tailoring and Proportionality | Scale method and burden by size, complexity, activities, and risk while preserving minimum traceability, responsibility, remediation, and validation. |

| Question | Board Issue | Response Principle |
|---|---|---|
| **29** | Effective Date | Retain a 12-month baseline with timely guidance, staged milestones, and narrowly tailored extension authority where justified. |

## Appendix C - Public-Record References


1. Board of Governors of the Federal Reserve System, Anti-Money Laundering and Countering the Financing of Terrorism Programs, Docket R-1835, RIN 7100-AG78, 91 Fed. Reg. 42363 (July 9, 2026), FR Doc. 2026-13919.
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