

UNITED STATES OF AMERICA
BEFORE THE
BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON, D.C.

Written Agreement by and among

COMMERZBANK AG
Frankfurt am Main, Germany

COMMERZBANK AG
NEW YORK BRANCH
New York, New York

and

FEDERAL RESERVE BANK OF NEW YORK
New York, New York

Docket Nos. 12-042-WA/RB-FB
12-042-WA/RB-FBR

WHEREAS, Commerzbank AG, Frankfurt am Main, Germany (“Commerzbank AG”) is a foreign bank as defined in section 1(b)(7) of the International Banking Act (12 U.S.C. § 3101(7));

WHEREAS, Commerzbank AG conducts operations in the United States through a branch in New York, New York (the “New York Branch”) and other entities;

WHEREAS, Commerzbank AG is a global wholesale U.S. banknote dealer and engages in privately negotiated bulk cash transactions with a variety of customers outside of the United States (the “Bulk Cash Transactions”);

WHEREAS, Commerzbank processes some of its Bulk Cash Transactions through the New York Branch’s account at the Federal Reserve Bank of New York (the “Reserve Bank”);

WHEREAS, Reserve Bank examiners reviewed and assessed the effectiveness of the New York Branch’s Bank Secrecy Act/anti-money laundering (“BSA/AML”) compliance

program and found that it failed to establish internal controls and independent testing for the Bulk Cash Transactions business line, and that the New York Branch failed to perform adequate customer due diligence on the correspondent account maintained for Commerzbank AG;

WHEREAS, Commerzbank AG and the New York Branch are taking steps to address deficiencies relating to the New York Branch's compliance with applicable federal and state laws, rules, and regulations relating to AML policies and procedures, including the BSA (31 U.S.C. § 5311 et seq.); the rules and regulations issued thereunder by the U.S. Department of Treasury (31 C.F.R. Chapter X); and the requirements of Regulation K of the Board of Governors of the Federal Reserve System (the "Board of Governors") to report suspicious activity and maintain an adequate BSA/AML compliance program (12 C.F.R. §§ 211.24(f) and (j) (collectively, the "BSA/AML Requirements");

WHEREAS, it is the common goal of Commerzbank AG, the New York Branch, the Board of Governors, and the Reserve Bank that the New York Branch operates in compliance with all applicable federal and state laws, rules, and regulations;

WHEREAS, Commerzbank AG, the New York Branch, and the Reserve Bank have mutually agreed to enter into this Written Agreement (the "Agreement"); and

WHEREAS, pursuant to delegated authority, Dereck Rock is authorized to execute this Agreement on behalf of Commerzbank AG, and Harry Yergey and Carsten Schmitt are authorized to execute this Agreement on behalf of the New York Branch, and, as applicable, consent to compliance with each and every applicable provision of this Agreement by Commerzbank AG, the New York Branch, and their institution-affiliated parties, as defined in sections 3(u) and 8(b)(4) of the Federal Deposit Insurance Act, as amended (the "FDI Act") (12 U.S.C. §§ 1813(u) and 1818(b)(4)).

NOW, THEREFORE, Commerzbank AG, the New York Branch, and the Reserve Bank hereby agree as follows:

BSA/AML Compliance Program

1. Within 60 days of this Agreement, Commerzbank AG and the New York Branch shall submit to the Reserve Bank an acceptable revised written BSA/AML compliance program that is designed to ensure compliance with all applicable BSA/AML requirements for Bulk Cash Transactions processed through the New York Branch and is commensurate with the branch's BSA/AML risk profile. The revised program shall include provisions for updates on an ongoing basis as necessary to incorporate amendments to the BSA and BSA regulations. At a minimum, the program shall include:

(a) A system of internal controls designed to ensure ongoing compliance with the BSA, the BSA regulations, and sections 211.24(f) and (j) of Regulation K of the Board of Governors, including, but not limited to:

(i) comprehensive customer due diligence and enhanced due diligence policies, procedures, and practices for its customers, including, but not limited to, Commerzbank AG; and

(ii) controls to ensure compliance with reporting and recordkeeping requirements;

(b) the independent testing of the Bulk Cash Transactions business line for compliance with the BSA and BSA regulations; and

(c) appropriate training to all staff regarding BSA/AML requirements, including amendments, and changes in internal compliance policies and procedures.

Currency Transaction Reports

2. (a) Within 60 days of this Agreement, Commerzbank AG and the New York Branch shall submit to the Reserve Bank an acceptable written program for the New York Branch to identify each transaction in currency (deposit, withdrawal, exchange, or other payments or transfer) of more than \$10,000 by, through, or to the New York Branch (“Currency Transaction”) and to file, as necessary, Currency Transaction Reports (“CTRs”) consistent with sections 1010.311 and 1020.311 of Chapter X of the U.S. Department of the Treasury’s regulations (31 C.F.R. §§ 1010.311 and 1020.311).

(b) Within 45 days of this Agreement, Commerzbank AG and the New York Branch shall submit to the Reserve Bank an acceptable plan for the New York Branch to review each Currency Transaction from September 1, 2010 to the date of the Agreement (the “Currency Transaction Review”) to ensure that all required CTRs are filed. The plan shall include, but not be limited to:

- (i) The scope of the Currency Transaction Review;
- (ii) the methodology for conducting the Currency Transaction Review;
- (iii) the expertise and resources to be dedicated to the Currency Transaction Review; and
- (iv) the anticipated date of completion of the Currency Transaction Review.

Suspicious Activity Monitoring and Reporting

3. Within 60 days of this Agreement, Commerzbank AG and the New York Branch shall submit to the Reserve Bank an acceptable revised written program with regard to the Bulk Cash Transactions business line that is designed to reasonably ensure the identification and timely,

accurate, and complete reporting by the New York Branch of all known or suspected violations of law or suspicious transactions to law enforcement and supervisory authorities, as required by applicable suspicious activity reporting laws and regulations. At a minimum, the program shall include:

- (a) A methodology for assigning risk ratings to account holders, including foreign affiliates, that considers factors such as type of customer, type of product or service, and geographic location;
- (b) appropriate risk-based customer due diligence, and as applicable, enhanced due diligence, with respect to all customers, including foreign affiliates; and
- (c) monitoring and investigation criteria and procedures to ensure the timely detection, investigation, and reporting of all known or suspected violations of law and suspicious transactions.

Transaction Review

4. Within 30 days of this Agreement, Commerzbank AG and the New York Branch shall engage an independent consultant acceptable to the Reserve Bank to conduct a review of account and transaction activity regarding Bulk Cash Transactions conducted at, by, or through the New York Branch, including its account at the Reserve Bank, from September 1, 2010 to the present to determine whether suspicious activity involving accounts or transactions at, by, or through the New York Branch was properly identified and reported in accordance with applicable suspicious activity reporting regulations (the “Transaction Review”) and to prepare a written report detailing the consultant’s findings (the “Transaction Review Report”).

5. Within 10 days of the engagement of the independent consultant, but prior to the commencement of the Transaction Review, Commerzbank AG and the New York Branch shall submit to the Reserve Bank for approval an engagement letter that sets forth:

- (a) The scope of the Transaction Review;
- (b) the methodology for conducting the Transaction Review;
- (c) the expertise and resources to be dedicated to the Transaction Review;
- (d) the anticipated date of completion of the Transaction Review and the

Transaction Review Report; and

(e) a commitment that supporting material associated with the Transaction Review will be made available to the Reserve Bank upon request.

6. Commerzbank AG and the New York Branch shall provide to the Reserve Bank a copy of the Transaction Review Report at the same time that the report is provided to Commerzbank AG and the New York Branch.

7. Throughout the Transaction Review, Commerzbank AG and the New York Branch shall ensure that all matters or transactions required to be reported that have not previously been reported are reported in accordance with applicable rules and regulations.

Progress Reports

8. Within 10 days after the end of each month following the date of this Agreement, Commerzbank AG and the New York Branch shall jointly submit to the Reserve Bank written progress reports detailing the form and manner of all actions taken to secure compliance with this Agreement and the results thereof.

Approval and Implementation of Plan, Programs, and Engagement Letter

9. (a) Commerzbank AG and the New York Branch shall submit a written plan and programs that are acceptable to the Reserve Bank within the applicable time periods set forth in paragraphs 1, 2, and 3 of this Agreement. An independent consultant acceptable to the Reserve Bank shall be retained by Commerzbank AG and the New York Branch within the time period set forth in paragraph 4 of this Agreement. An engagement letter acceptable to the Reserve Bank shall be submitted within the time period set forth in paragraph 5 of this Agreement.

(b) Within 10 days of approval by the Reserve Bank, Commerzbank AG and the New York Branch shall adopt the approved plan and programs. Upon adoption, Commerzbank AG and the New York Branch shall promptly implement the approved plan and programs, and thereafter fully comply with them.

(c) During the term of this Agreement, the approved plan, programs, and engagement letter shall not be amended or rescinded without the prior written approval of the Reserve Bank.

Communications

10. All communications regarding this Agreement shall be sent to:

- (a) Dana Roy Green
Vice President
Federal Reserve Bank of New York
33 Liberty Street
New York, NY 10045
- (b) Udo Braun
Global Head of Compliance
Commerzbank AG
Kaiserplatz
Frankfurt am Main, Germany

- (c) Tristan van der Vijver
Regional Head of Compliance Americas
Commerzbank AG
New York Branch
2 World Financial Center
New York, NY 10281

Miscellaneous

11. Notwithstanding any provision of this Agreement to the contrary, the Reserve Bank may, in its sole discretion, grant written extensions of time to Commerzbank AG and the New York Branch to comply with any provision of this Agreement.

12. The provisions of this Agreement shall be binding upon Commerzbank AG, the New York Branch, and their institution-affiliated parties, in their capacities as such, and their successors and assigns.

13. Each provision of this Agreement shall remain effective and enforceable until stayed, modified, terminated, or suspended in writing by the Reserve Bank.

14. The provisions of this Agreement shall not bar, estop, or otherwise prevent the Board of Governors, the Reserve Bank, or any other federal or state agency from taking any other action affecting Commerzbank AG, the New York Branch, or any of their current or former institution-affiliated parties and their successors and assigns.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of this 8th day of June, 2012.

COMMERZBANK AG

FEDERAL RESERVE BANK OF
NEW YORK

By: /s/ Dereck Rock
Dereck Rock
Chief Executive Officer
North America

By: /s/ Dana Roy Green
Dana Roy Green
Vice President

COMMERZBANK AG
NEW YORK BRANCH

By: /s/ Carsten Schmitt
Carsten Schmitt
Branch Manager

By: /s/ Harry Yergey
Harry Yergey
Branch Manager