



Federal Deposit Insurance Corporation
550 17th Street NW, Washington, D.C. 20429-9990

Financial Institution Letter
FIL-15-2011
March 15, 2011

BANK SECRECY ACT

Reorganization of FinCEN's Bank Secrecy Act Regulations

Summary: The FDIC, in conjunction with the other federal banking agencies and the State Liaison Committee of the Federal Financial Institutions Examination Council, is issuing a statement regarding the revision of the Bank Secrecy Act (BSA) regulations effective March 1, 2011. The rule does not alter existing BSA regulatory obligations or impose new requirements. However, banks may need to revise existing policies, procedures, and software monitoring systems to reflect the new citations.

Distribution:

FDIC-Supervised Banks (Commercial and Savings)

Suggested Routing:

Chief Executive Officer
BSA Compliance Officer
Information Technology Officer
Compliance Officer (FCRA)

Related Topics:

Bank Secrecy Act
Anti-Money Laundering
Counter-Terrorist Financing
Fair Credit Reporting Act

Attachment:

Reorganization of FinCEN's Bank Secrecy Act Regulations

Contact:

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Note:

FDIC Financial Institution Letters (FILs) may be accessed from the FDIC's Web site at <http://www.fdic.gov/news/news/financial/2011/index.html>.

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Paper copies of FDIC FILs may be obtained through the FDIC's Public Information Center, 3501 Fairfax Drive, Room E 1002, Arlington, VA 22226 (1-877-275-3342 or 703-562-2200).

Highlights:

- The Financial Crimes Enforcement Network (FinCEN) issued a final rule on October 26, 2010, reorganizing and transferring the Bank Secrecy Act (BSA) regulations to a new chapter in the Code of Federal Regulations (CFR). These modifications are effective March 1, 2011.
- The rule transfers the BSA regulations from 31 CFR Part 103 to a new chapter entitled "Title 31 Chapter X – Financial Crimes Enforcement Network."
- The new structure organizes BSA regulations by industry, and identifies regulations that are applicable to all regulated industries and individuals subject to the BSA in order to make the regulatory obligations uniform.
- Federal and State banking agencies will refer to 31 CFR Chapter X of the BSA relative to examination findings beginning on or after March 1, 2011.
- Section 326.8 and Part 334 (Subparts I and J) of the FDIC's Rules and Regulations have been revised to reflect the new citations. These revisions were approved by the FDIC Board of Directors on March 15, 2011.
- FinCEN has developed online tools to assist in the transition to Chapter X that can be found at http://www.fincen.gov/statutes_regs/ChapterX/.
- Banks should continue to use existing BSA-related forms that may reference 31 CFR 103 until FinCEN issues revised forms.

**Board of Governors of the Federal Reserve System
Federal Deposit Insurance Corporation
National Credit Union Administration
Office of the Comptroller of the Currency
Office of Thrift Supervision
State Liaison Committee**

Reorganization of FinCEN's Bank Secrecy Act Regulations

The Financial Crimes Enforcement Network (FinCEN) issued a final rule on October 26, 2010, reorganizing and transferring FinCEN's Bank Secrecy Act (BSA) regulations to a new chapter in the Code of Federal Regulations (CFR). The rule transfers FinCEN's regulations from 31 CFR 103 to a new, tenth chapter entitled, "Title 31 Chapter X – Financial Crimes Enforcement Network." It also assigns a new numbering convention for Title 31 provisions, with each part containing subparts.

The effective date of this rule is March 1, 2011. Accordingly, the federal¹ and state banking agencies will use the 31 CFR Chapter X citations to document violations of FinCEN's regulations for examinations beginning on or after March 1, 2011. In addition, the federal and state banking agencies will include the updated citations in the next version of the *FFIEC BSA/AML Examination Manual*.

FinCEN has indicated that the new structure is intended to organize BSA regulations by industry, or to identify provisions that are applicable to all regulated industries or covered individuals, thereby making regulatory obligations uniform across industries and more accessible to affected parties. The rule does not alter existing BSA regulatory obligations or impose new obligations.

Banks² should consider whether the new structure and numbering convention will impact their policies, publications, training materials, and automated systems or databases. Banks may need to adapt systems to the reformed structure and numbering convention and to communicate the new Chapter X structure to departments and staff affected by these changes.

¹ The federal banking agencies include the Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, National Credit Union Administration, Office of the Comptroller of the Currency, and Office of Thrift Supervision. The federal banking agencies frequently collaborate with state banking agencies regarding the examination, oversight, and enforcement of BSA/AML issues for state-chartered banks.

² Under the regulations implementing the BSA, the term "bank" includes each agent, agency, branch, or office within the United States of commercial banks, savings and loan associations, thrift institutions, credit unions, and foreign banks. This document uses the term "bank" to refer to all of these entities.

FinCEN has developed several tools to assist in the transition to Chapter X, including:

- Frequently Asked Questions;
- A cross-reference guide that lists the citation change from the existing 31 CFR 103 to the new 31 CFR Chapter X;
- A subpart index that provides applicable citation for each type of industry; and
- An automated citation translator that converts regulatory citations from 31 CFR 103 to its Chapter X regulatory citation and vice versa.³

These tools are available at FinCEN's Chapter X webpage:

http://www.fincen.gov/statutes_regs/ChapterX/.

FinCEN is also conducting a review of all regulatory citations in its forms to conform to 31 CFR Chapter X. In the interim, FinCEN will continue to accept and process forms that contain citations to 31 CFR 103 beyond the March 1 effective date

For further information, please contact your primary federal or state regulator.

³ According to FinCEN, the Chapter X Citation Translator is intended only as a general reference guide for the public and not a definitive legal reference. The translator allows a user to enter a regulator citation from 31 CFR 103 that is translated into its equivalent 31 CFR Chapter X citation, and vice versa. When using the translator, a user should first review the General Cross-Reference Index, the Annotated Cross Reference Guide, or the 31 CFR Chapter X Final Rule Distribution Table available at http://www.fincen.gov/statutes_regs/ChapterX/.