

U.S. DEPARTMENT OF THE TREASURY

Press Center



Treasury Issues Proposed Rules to Enhance Financial Transparency

7/30/2014

New Rule Will Make Financial System More Transparent; Furthers U.S. G-8 commitments

WASHINGTON – The U.S. Department of the Treasury’s Financial Crimes Enforcement Network (FinCEN) today issued a Notice of Proposed Rulemaking (NPRM) to amend existing Bank Secrecy Act (BSA) regulations to help prevent the use of anonymous companies to engage in or launder the proceeds of illegal activity in the U.S. financial sector. The proposed rule would clarify and strengthen customer due diligence obligations of banks and other financial institutions (including brokers or dealers in securities, mutual funds, futures commission merchants, and introducing brokers in commodities). The proposed amendments would add a new requirement that these entities know and verify the identities of the real people (also known as beneficial owners) who own, control, and profit from the companies they service.

“The beneficial ownership requirement is intended to provide us with an important new tool to track down the real people behind companies that abuse our financial system to secretly move and launder their illicit gains,” said David S. Cohen, Under Secretary for Terrorism and Financial Intelligence. “Along with meeting our international commitments, this rule would make our financial system more transparent by exposing the activities of illicit actors who will no longer be able to hide behind their anonymity.”

The proposed rule benefits from extensive outreach and discussion with financial institutions and regulatory agencies. These proposed amendments represent significant enhancements to the BSA and build upon post-9/11 augmentation of the regulations designed to protect the U.S. financial system. They would make valuable information needed to disrupt illicit finance networks available to law enforcement. The resulting increase in financial transparency would enhance the ability of financial institutions and law enforcement to identify the assets and accounts of criminals and national security threats. The rule also would further the United States commitments in the G-8 Action Plan for Transparency of Company Ownership and Control published in June 2013.

The rulemaking clarifies that customer due diligence includes four core elements: identifying and verifying the identity of customers; identifying and verifying the beneficial owners of legal entity customers; understanding the nature and purpose of customer relationships; and conducting ongoing monitoring to maintain and update customer information and to identify and report suspicious transactions. The proposed requirement to identify and verify the identity of beneficial owners is addressed through the proposal of a new requirement for covered financial institutions to collect beneficial ownership in a standardized format. Those financial institutions will have to identify and verify any individual who owns 25 percent or more of a legal entity, and an individual who controls the legal entity.

Treasury’s FinCEN writes the rules and regulations that U.S. financial institutions, such as banks, credit unions, and money services businesses, must follow to help protect the U.S. financial system from money laundering and terrorist financing. FinCEN also has the civil power to enforce these rules and penalize offenders. Comments on the [NPRM](#) will be accepted for 60 days from the date of its publication in the Federal Register.

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