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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.

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.

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.

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/.