



**Federal Deposit Insurance Corporation**  
550 17th Street NW, Washington, DC 20429

Division of Supervision

## Currency Transaction Reporting

FIL-28-96  
May 14, 1996

TO: CHIEF EXECUTIVE OFFICER  
SUBJECT: *Revised Customer Exemption Rules*

The Department of the Treasury on April 17, 1996, announced an interim bank reporting rule designed to significantly reduce unnecessary paperwork for banks and improve the quality of information routinely provided to law enforcement. The rule changes the previous requirement that banks file forms reporting every currency transaction in excess of \$10,000.

The interim rule took effect May 1, 1996. A copy of the *Federal Register* notice announcing the interim rule is attached. All interested parties are invited to comment on the rule for 90 days following the May 1 effective date.

Under the new rule, currency transactions in excess of \$10,000 no longer must be reported if they involve:

- another bank in the United States;
- any federal, state or local government (including the District of Columbia, U.S. territories and possessions, and various tribal government authorities);
- any listed corporation whose stock is traded on the New York Stock Exchange or the American Stock Exchange (excluding stock listed on the Emerging Company Marketplace of the American Stock Exchange);
- any listed corporation whose stock is designated as a Nasdaq National Market Security listed on the Nasdaq Stock Market (excluding stock issued under the separate Nasdaq Small-Cap Issues heading); or
- any consolidated subsidiary of a listed corporation that files combined federal income tax returns.

By exempting these entities from routine reporting, the Treasury Department estimates that banks will be required to file two million fewer forms in the first year alone, amounting to a reduction of approximately 20 percent. The new rule still requires that all apparently suspicious currency transactions—even those of newly exempted entities—be reported according to rules issued earlier this year. These reports are used by law enforcement for criminal investigations.

While information provided by transaction reports is vital to investigators, reporting requirements have been criticized because they mandated repetitive paperwork for the routine transactions of legitimate cash-intensive businesses and government entities. Banks will now be able to make a one-time filing of the standard transaction report form to designate an exempted entity. Even under these new procedures, an exemption may be revoked by the Treasury Department at any time with notice.

Following the 90-day comment period on the interim rule, the Treasury Department's Financial Crimes Enforcement Network (FinCEN) will prepare a final rule. For further information about the new rule, please call FinCEN at (703) 905-3920.

Nicholas J. Ketcha Jr.  
Director

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