



Bank Secrecy Act Compliance

FIL-120-98  
November 16, 1998

TO: CHIEF EXECUTIVE OFFICER

SUBJECT: *New Currency Transaction Reporting Exemption Rule*

The Department of the Treasury's Financial Crimes Enforcement Network (FinCEN) has announced a final rule that represents the second part of its effort to significantly reduce the number of times depository institutions must report large currency transactions. The rule further simplifies the way banks can exempt large currency transactions by retail and other businesses from the reporting requirements.

The new rule is aimed at exemption of non-public companies, especially smaller businesses, which represent a majority of reports filed. It permits banks to exempt a domestic business that has a routine need for large amounts of currency by simply filing a form stating the business is exempt, as long as the business has been a bank customer for one year. The new rule does not allow for exemption of certain categories of businesses, such as real estate brokers, automobile dealers, and money transmitters, and it does not exempt banks from reporting suspicious activity involving exempted entities.

The rule applies to all depository institutions, banks, thrifts, and credit unions, but not to other financial institutions. Banks have until July 1, 2000, to phase in compliance with the simplified procedures, although they may adopt the procedures beginning October 21, 1998. The exemption of the businesses covered by the new rule must be renewed every two years, but a proposed requirement that banks include information about a customer's total currency transactions on the renewal form has been eliminated as unduly burdensome and unnecessary. Banks must simply indicate they have maintained a system of monitoring the transactions in the account for reportable suspicious activity.

A copy of the *Federal Register* notice containing the new rule is attached. If you have any questions, please contact your FDIC Division of Supervision Regional Office.

Nicholas J. Ketcha Jr.  
Director

Attachment:

[Federal Register, Sept. 21, pages 50147-50159.](#)

Distribution: FDIC Supervised Banks (Commercial and Savings)

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