



Know Your Customer

FIL-34-99
April 8, 1999

TO: CHIEF EXECUTIVE OFFICER
SUBJECT: *FDIC Board Withdraws Proposed "Know Your Customer" Rule*

The Federal Deposit Insurance Corporation (FDIC) Board of Directors has withdrawn the proposed "Know Your Customer" rule published for public comment on December 7, 1998. Attached is a copy of the March 29, 1999, Federal Register notice withdrawing the proposed rule.

During the comment period, which ended on March 8, 1999, the FDIC received an unprecedented number of comments. After reevaluating the rule, the FDIC Board voted to withdraw it on March 23, 1999.

Most of the comments on the proposed rule reflected public concern over the privacy of information that would be collected and held by financial institutions. Many comments addressed the expected burden the proposed rule would impose on banks and savings associations. The FDIC is sensitive not only to the concerns raised by the those who commented, but also to the need to ensure that the institutions we regulate adhere to the nation's anti-money laundering statutes, including the Bank Secrecy Act. We agree that there must be an appropriate balance between these legitimate interests.

The FDIC's withdrawal of the proposed rule does not diminish in any manner our long-standing support for the anti-money laundering provisions of the Bank Secrecy Act. Over the past 15 years, banking organizations and law enforcement authorities have forged a vital partnership to fight financial crime. This partnership will continue, and will evolve as technology and other factors intensify the challenges we face.

If you have any questions, please contact your Division of Supervision regional office. For your reference, all FDIC Financial Institution Letters published since January 1995 may be found on the FDIC's Web site at www.fdic.gov under the "Banking News" category.

James L. Sexton
Director

Attachment: March 29, 1999, Federal Register, Vol. 64, No. 59, page 14845
[HTML Format](#) [PDF Format](#) (20 Kb - [PDF help](#) or [hard copy](#))

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