

Banking Operations & FinTech Update

DECEMBER 2020

FINCEN AND FRB PROPOSE TO AMEND BSA RULES' INTERNATIONAL TRANSACTIONS THRESHOLD

Recently, FinCEN and the FRB jointly issued a notice of proposed rulemaking (NPR) requesting public comment on proposed amendments to the Bank Secrecy Act (BSA) recordkeeping and “travel rule” regulations found at 31 CFR 1020.410(a), (e), and (f). 85 FR 68005.

Under the current recordkeeping and travel rule regulations, financial institutions must collect, retain, and transmit certain information related to funds transfers and transmittals of funds of \$3,000 or more. The proposal would lower the applicable threshold from \$3,000 to \$250 for transactions that “begin or end outside the United States” (that is, cross-border transactions). The threshold for domestic transactions would not change.

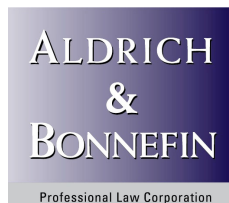
According to the NPR, a funds transfer or transmittal of funds would “begin or end outside the United States” if the financial institution “knows or has reason to know that the transmitter, transmitter’s financial institution, recipient, or recipient’s financial institution is located in, is ordinarily resident in, or is organized under the laws

of a jurisdiction other than the United States or a jurisdiction within the United States.”

Further, the proposal would revise certain definitions under the BSA rules so that the recordkeeping and travel rule regulations would also apply to transactions involving “convertible virtual currency.” The proposal defines “convertible virtual currency” as “a medium of exchange (such as cryptocurrency) that either has an equivalent value as currency, or acts as a substitute for currency, but lacks legal tender status.”

Public comments on the NPR were due by November 27, 2020.

For questions regarding the proposal, contact Keith R. Forrester at KForrester@ABLAWYERS.COM or Anne M. McEvelly at AMcEvelly@ABLAWYERS.COM.



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