

United States House of Representatives
Committee on Financial Services
2129 Rayburn House Office Building
Washington, D.C. 20515

MEMORANDUM

To: Members of the Committee on Financial Services

From: FSC Majority Staff

Date: May 11, 2018

Subject: May 16, 2018, Terrorism and Illicit Finance Subcommittee Hearing Entitled “Implementation of FinCEN’s Customer Due Diligence Rule – Regulator Perspective”

The Subcommittee on Terrorism and Illicit Finance will hold a hearing entitled “Implementation of FinCEN’s Customer Due Diligence Rule – Regulator Perspective” on Wednesday, May 16, 2018, at 2:00 p.m. in Room 2128 of the Rayburn House Office Building. This will be a one-panel hearing with the following witness:

- Mr. Kenneth A. Blanco, Director, Financial Crimes Enforcement Network

The Financial Crimes Enforcement Network (FinCEN) published the Customer Due Diligence Requirements for Financial Institutions (CDD Rule) on May 11, 2016 with an effective date of May 11, 2018.¹ The CDD Rule requires enhanced due diligence requirements for financial institutions to identify and verify the beneficial owners of legal entity customers at the time of account openings. While regulatory and administrative efforts improve law enforcement’s ability to combat money laundering and terrorist financing as well as new rules to protect the integrity of the U.S. financial system are necessary enhancements to the anti-money laundering regime. With any new rule, law enforcement should also provide financial institutions with flexibility, clear guidance and consistent feedback. As the May 11, 2018 implementation date approaches, there remain, however, significant questions about the CDD Rule’s interpretation and reporting requirements.

This hearing will examine FinCEN’s implementation and enforcement of the CDD Rule, its compliance requirements for financial institutions, and how it advances the efficacy of the anti-money laundering / combatting the financing of terrorism (AML/CFT) framework.

¹ See 81 FR, 29398 (May 11, 2016).