

ALERTS

FinCEN's Much-Anticipated Proposed Rule on Customer Due Diligence Is Finally Here

August 8, 2014

On July 30, 2014, the Financial Crimes Enforcement Network (“FinCEN”), a bureau of the U.S. Department of the Treasury (“Treasury”), issued a notice of proposed rulemaking (“NPRM”) requesting input from various industries and other interested parties on customer due diligence (“CDD”) requirements for certain financial institutions. This NPRM follows FinCEN’s March 5, 2012 Advanced Notice of Proposed Rulemaking (“ANPRM”) and an extensive industry outreach initiative. The revised CDD proposal demonstrates the benefit of working with industry to reach a practical and workable framework. Financial institutions that would be initially covered by this CDD rule include banks, broker-dealers, mutual funds, futures commission merchants and introducing brokers in commodities (“covered financial institutions”). FinCEN has expressed interest in possibly extending CDD requirements to additional financial institutions, including money services business, casinos, insurance companies and other entities subject to FinCEN’s regulations. Accordingly, these institutions, and other entities, such as investments advisors and pooled investment vehicles, may find it beneficial to comment on the NPRM. The comment period will close Oct. 3, 2014.

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