

Supplemental Statement  
Bank Secrecy Act Designation of Exempt Person Form  
OMB Control Number 1506-0012

1. Circumstances Necessitating Collection of Information.

The statute generally referred to as the Bank Secrecy Act, Titles I and II of Public Law 91-508, as amended, codified at 12 U.S.C. 1829b, 12 U.S.C. 1951-1959, and 31 U.S.C. 5311-5332, authorizes the Secretary of the Treasury, to require, *inter alia*, financial institutions to keep records and file reports that are determined to have a high degree of usefulness in criminal, tax, and regulatory matters, or in the conduct of intelligence or counter-intelligence activities, to protect against international terrorism.<sup>1</sup> Regulations implementing Title II of the Bank Secrecy Act appear at 31 CFR Chapter X. The authority of the Secretary to administer the Bank Secrecy Act has been delegated to the Director of the Financial Crimes Enforcement Network.

Pursuant to the BSA and its implementing regulations, financial institutions are required to file currency transaction reports (CTRs) on transactions in currency that totals over \$10,000 by or on behalf of any person over one day. Depository institutions are permitted to exempt the transactions of certain eligible customers from the CTR reporting requirement. For certain of those customers, a bank must file a designation of exempt person (DOEP) form (FinCEN Form 110) with FinCEN and annually review the customer's account activity and eligibility for exemption. The revision to the form will reduce the regulatory requirements that depository institutions must comply with to treat an eligible customer as exempt.

2. Method of Collection and Use of Data.

The collection of information is reported to the federal government on FinCEN Form 110, the Designation of Exempt Persons (DOEP) Form. The information collected in that form helps protect the U.S. financial system from abuse by money launderers and others engaged in financial crimes and terrorist financing. The information no longer required is removed from the revised form.

3. Use of Improved Information Technology to Reduce Burden.

FinCEN provides a free BSA E-Filing system that accepts the DOEP. FinCEN also provides a fillable-printable version as a back-up to the e-filing system. Financial institutions are permitted to automate their records system to meet these requirements. There is no specific government mandate to do so.

4. Efforts to Identify Duplication

Not applicable.

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<sup>1</sup> Language expanding the scope of the Bank Secrecy Act to intelligence or counter-intelligence activities to protect against international terrorism was added by Section 358 of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, P.L. 107-56.

5. Methods to Minimize Burden on Small Businesses or Other Small Entities

All financial institutions are required, when appropriate, to file CTRs, but depository institutions are not required to avail themselves of the ability to exempt their eligible customer's transactions from CTR reporting requirements.

6. Consequences to the Federal Government of Not Collecting the Information.

Without the information gathered through CTR and DOEP filings, the federal government's efforts to prevent money laundering and terrorist financing would be weakened. CTRs filings, as a result of their objective nature, provide law enforcement with very useful information in a unique manner.

7. Special Circumstances Requiring Data Collection Inconsistent with Guidelines.

Under 31 CFR 1010.430 , records must be kept for 5 years. This retention period is necessary to substantiate violations that have occurred within the Statute of Limitations (5 or 6 years).

8. Consultation with Individuals Outside of the Agency on Availability of Data, Frequency of Collection, Clarity of Instructions and Forms, and Data Elements.

On December 5, 2008 (Effective January 5, 2009), FinCEN published a final rule amending 31 CFR 1020.315 (See 73 FR 74010). Due to on-going BSA database compatibility issues and the pending FinCEN IT Modernization, the decision was made to retain the current form and modify the instructions to support the revised exemption procedures. We consulted with the Federal Banking Agencies, representatives from Federal law enforcement agencies, and others on this notice of the proposed revision to the form. A request for public comment regarding this revision was published in the Federal Register on January 26, 2011 (See 76 FR 4745). FinCEN received 14 comments from five respondents. The comments and responses may be reviewed by opening the attached document under the "Public Comments" section.

9. Payments and Gifts

No payments or gifts were made to respondents.

10. Assurance of Confidentiality of Responses.

Information collected under 31 U.S.C. 5318(i) may be made available to appropriate law enforcement agencies and supervisory agencies, pursuant to legal process.

11. Justification of Sensitive Questions.

No sensitive questions are asked.

12. Estimated Annual Hourly Burden.

Frequency: As required.

Estimated Number of Respondents: 27,262

Estimated Annual Responses: 31,000

We are estimating an average of one hour and fifteen minutes (1.15) burden hours for a total of 38,750 hours.

13. Estimated Annual Cost to Respondents for Hour Burdens.

Not required.

14. Estimated Annual Cost to the Federal Government.

Not required.

15. Reason for Change in Burden.

The removal of several data elements and one section (Part V) on the DOEP form resulted in a decrease of fifteen minutes per filing.

16. Plans for Tabulation, Statistical Analysis, and Publication.

Not applicable.

17. Request not to Display Expiration Date of OMB Control Number.

We request approval not to display the expiration date in order to avoid amending the regulation every three years.

18. Exceptions.

There are no exceptions to the certification statement on OMB Form 83-1.