

Supplemental Statement
1506-0033

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, *inter alia*, to require 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, and to implement counter-money laundering programs and compliance procedures.¹ 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.

Section 326 of the USA PATRIOT Act added a new subsection (l) to 31 U.S.C. 5318 of the Bank Secrecy Act. Pursuant to section 326, FinCEN issued joint regulations with the Securities and Exchange Commission that require mutual funds to establish a written customer identification program and to maintain records related to verifying the identity of customers. See 31 CFR 1024.100, 31 CFR 1010.100, and 31 CFR 1024.220. Under the regulations, the customer identification program must include reasonable procedures for 1) verifying the identity of any person seeking to open an account, to the extent reasonable and practicable; 2) maintaining records of the information used to verify the person’s identity, including name, address, and other identifying information; and 3) determining whether the person appears on any lists of known or suspected terrorists or terrorist organizations provided to the financial institution by any government agency.

2. Method of Collection and use of data.

The information on the customer’s identification maintained by mutual funds is made available to appropriate government authorities only upon request.

3. Use of Improved Information Technology to Reduce Burden.

Financial institutions are permitted to automate their system to meet their requirements. There is no specific government mandate to do so.

4. Efforts to Identify Duplication

There is no similar information available; thus there is no duplication.

¹ 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 to document the identity of their customers and are permitted to use the method most suitable to their requirement.

6. Consequences to the Federal Government of not collecting the Information.

The Federal Government requires reporting of this information only upon request.

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 March 19, 2012, we issued a notice and request for comment concerning the Customer Identification Program for mutual funds (See 77 FR 16118). A copy of the notice and request for comments is attached. We received no comments in response to the federal register notice.

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(l) may be made available to appropriate law enforcement agencies and supervisory agencies.

11. Justification of Sensitive Questions.

No sensitive questions are asked.

12. Estimated Annual Hourly Burden.

Frequency: As required.

Estimated number of respondents: 2,296.

Estimated Average Annual Burden Per Respondent: The estimated average burden is 2 minutes per respondent.

Estimated annual responses: 8,001,000.

Estimated annual burden hours: 266,700.

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.

Not applicable

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

This collection of information will not be published.

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

FinCEN requests that it not be required 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.