

Supporting Statement  
Office of Management and Budget Control Number 1506-0019

1. Circumstances Necessitating Collection of Information.

The Bank Secrecy Act (“BSA”), Titles I and II of Pub. L. 91-508, as amended, codified at 12 U.S.C. 1829, 12 U.S.C. 1951-1959, and 31 U.S.C. 5311-5330, authorizes the Secretary of the Treasury, *inter alia*, to issue regulations requiring records and reports that are determined to have a high degree of usefulness in criminal, tax, and regulatory matters. Regulations implementing Title II of the Bank Secrecy Act (codified at 31 U.S. C. 5311-5330) appear at 31 CFR Chapter X. The authority of the Secretary to administer the BSA regulations has been delegated to the Director of the Financial Crimes Enforcement Network (“FinCEN”).

Certain futures commission merchants and introducing brokers in commodities under 31 CFR 1026.320 and brokers or dealers in securities under 31 CFR 1023.320 are required to report suspicious transactions to Treasury. A transaction would require reporting under the rule if the transaction is conducted or attempted by, at, or through these futures commission merchants, introducing brokers in commodities, or brokers or dealers in securities, which involve or aggregate funds of at least \$5,000 and these institutions know, suspect, or have reason to suspect that the transaction or the pattern of transactions of which the transaction is a part:

- (i) involves funds derived from illegal activity or is intended or conducted in order to hide or disguise funds or assets derived from illegal-activity;
- (ii) is designed to evade a recordkeeping or reporting requirement of a regulation promulgated under the BSA;
- (iii) serves no business or apparent lawful purpose; or
- (iv) involves the use of the business to facilitate criminal activity.

Under 31 CFR 1026.320(d), and 31 CFR 1023.320(d), futures commission merchants, introducing brokers in commodities, and brokers or dealers in securities are required to retain a copy of any Suspicious Activity Report filed and any documentation supporting the filing of the Suspicious Activity Report for five years. These documents are necessary for criminal investigations and prosecutions.

2. Method of Collection and Use of Data.

Information about suspicious transactions conducted or attempted by, at, through, or otherwise involving futures commission merchants, introducing brokers in commodities, or brokers or dealers in securities will be collected through the filing of the Suspicious Activity Report (SAR) form in a central location to be determined by FinCEN. FinCEN and law enforcement agencies will use the information on the SAR for criminal investigation and prosecution purposes.

3. Use of Improved Information Technology to Reduce Burden.

By using FinCEN’s computerized filing system (BSA E-filing), a financial institution can reduce the time required for its compliance staff to complete the report. Discrete and batch

versions are available on the FinCEN BSA E-File web site at <http://bsaefiling.fincen.treas.gov/main.html>.

4. Efforts to Identify Duplication.

No other similar information exists.

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

The design of the SAR is such that only the fields normally associated with the filing institution are displayed. This design minimizes the time required to complete the report and thus the impact on small businesses.

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

- The information submitted on a SAR assists both law enforcement and regulatory authorities with improved detection of financial crime, analysis of trends, and coordination of investigative efforts. Failure to collect this information would, among other things, limit law enforcement's ability to investigate and prosecute money laundering and other financial crimes conducted at or through these businesses.

7. Special Circumstances Requiring Data Collection Inconsistent with Guidelines.

Respondents must report a suspicious transaction within 30 days but not later than 60 days after the transaction, which may result in reporting more frequently than quarterly. Prompt reporting is vital to the detection of money laundering and other financial crime, including the financing of terrorism.

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

On February 23, 2015, FinCEN published in the Federal Register a notice inviting comment for 60 days on the reporting of suspicious activity by the Securities and Futures industries in accordance with 31 CFR 1026.320(d) and 1023.320(d). See 80 FR 9506. FinCEN received no comments in response to the notice.

9. Payments or Gifts.

- No payments or gifts were made to respondents.

10. Assurance of Confidentiality of Responses.

Information provided to the government on the SAR form is expressly prohibited from disclosure to any person involved in the transaction under 31 U.S.C. 5318(g)(2), and implementing regulations, and the participating agencies' Privacy Act notices make clear that the systems of records are intended for the official use of law enforcement and regulators. Appropriate system security safeguards are in place to protect against unauthorized access.

11. Justification of Sensitive Questions.

There are no questions of a sensitive nature in the collection of information. Any personally identifiable information collected under the BSA is strictly controlled as outlined in the FinCEN's Systems of Records Notice [http://www.fincen.gov/foia/files/FinCEN\\_79\\_FR\\_20969.pdf](http://www.fincen.gov/foia/files/FinCEN_79_FR_20969.pdf).

12. Estimated Annual Hourly Burden.

The administrative burden of one hour is assigned to maintain the regulatory requirement in force. The burden for actual reporting is reflected in OMB Control number 1506-0065.

13. Estimated Annual Cost to Respondents for Hour Burdens.

Not applicable.

14. Estimated Annual Cost to the Federal Government.

Not applicable.

15. Reasons for Change in Burden.

There is no change in burden.

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

Not applicable.

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

To avoid having to reprint the form just to show a new date, FinCEN is requesting permission not to display the OMB expiration date on the SAR form.

18. Exceptions.

Not applicable.