

Supporting Statement  
OMB Control Number 1506-0066  
Reporting Obligations on Foreign Bank Relationships with Iranian-Linked Financial Institutions  
Designated under IEEPA and IRGC-Linked Persons Designated under IEEPA

1. Circumstances necessitating collection of information.

The legislative framework generally referred to as the Bank Secrecy Act (BSA) consists of the Currency and Foreign Transactions Reporting Act of 1970, as amended by the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (USA PATRIOT Act), Public Law 107–56 (October 26, 2001), and other legislation, including most recently the Anti-Money Laundering Act of 2020 (AML Act).<sup>1</sup> The BSA is codified at 12 U.S.C. 1829b, 12 U.S.C. 1951–1960, 31 U.S.C. 5311–5314 and 5316–5336, and includes notes thereto, with implementing regulations at 31 CFR Chapter X.

The BSA authorizes the Secretary of the Treasury (the “Secretary”), *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 AML programs and compliance procedures.<sup>2</sup> The authority of the Secretary to administer the BSA has been delegated to the Director of FinCEN.<sup>3</sup>

The Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010 (CISADA) amended the Iran Sanctions Act of 1996 by expanding economic sanctions against Iran. To comply with the Congressional mandate to prescribe regulations under section 104(e) of CISADA and consistent with its statutory mission under 31 U.S.C. 310, FinCEN issued a regulation requiring a U.S. bank<sup>4</sup> that maintains a correspondent account<sup>5</sup> for a specified foreign

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<sup>1</sup> The AML Act was enacted as Division F, §§ 6001-6511, of the William M. (Mac) Thornberry National Defense Authorization Act for Fiscal Year 2021, Pub. L. 116-283, 134 Stat 3388 (2021).

<sup>2</sup> Section 358 of the USA PATRIOT Act added language expanding the scope of the BSA to intelligence or counter-intelligence activities to protect against international terrorism. Section 6101 of the AML Act added language further expanding the scope of the BSA but did not amend these longstanding purposes.

<sup>3</sup> Treasury Order 180-01.

<sup>4</sup> 31 CFR 1010.100(d). A bank is defined as each agent, agency, branch or office within the United States of any person doing business in one or more of the capacities listed below: (1) a commercial bank or trust company organized under the laws of any State or of the United States; (2) a private bank; (3) a savings and loan association or a building and loan association organized under the laws of any State or of the United States; (4) an insured institution as defined in section 401 of the National Housing Act; (5) a savings bank, industrial bank or other thrift institution; (6) A credit union organized under the law of any State or of the United States; (7) any other organization (except a money services business) chartered under the banking laws of any state and subject to the supervision of the bank supervisory authorities of a State; (8) a bank organized under foreign law; (9) any national banking association or corporation acting under the provisions of section 25(a) of the Act of Dec. 23, 1913, as added by the Act of Dec. 24, 1919, ch. 18, 41 Stat. 378, as amended ([12 U.S.C. 611-32](#)).

<sup>5</sup> 31 CFR 1010.605(c)(1)(ii). For purposes of 31 CFR 1010.630, a correspondent account is defined as an account established for a foreign bank to receive deposits from, or to make payments or other disbursements on behalf of, the

bank<sup>6</sup> to ask of the foreign bank, and report to FinCEN, certain information about transactions or other financial services provided by that foreign bank. Under the regulation, U.S. banks are only required to report this information to FinCEN upon receiving a specific written request from FinCEN (“CISADA Request”). The regulation implementing section 104(e) of CISADA appears at 31 CFR 1060.300.

Upon receiving a CISADA Request, a U.S. bank that maintains a correspondent account for a specified foreign bank is required under 31 CFR 1060.300(a) to inquire of the foreign bank, and report to FinCEN: (i) any correspondent account maintained by such foreign bank for an Iranian-linked financial institution designated under the International Emergency Economic Powers Act (IEEPA) (“Iranian-linked Financial Institution”)<sup>7</sup>; (ii) any direct or indirect transfer of funds for or on behalf of an Iranian-linked Financial Institution processed by such foreign bank within the preceding 90 calendar days, other than through a correspondent account; (iii) and any direct or indirect transfer of funds for or on behalf of an Islamic Revolutionary Guard Corps (IRGC)-linked person designated under IEEPA (“IRGC-linked Person”)<sup>8</sup> processed by such foreign bank within the preceding 90 calendar days.

FinCEN has developed an optional certification form<sup>9</sup> that includes a request to the foreign bank for information required under 31 CFR 1060.300. U.S. banks may use the certification form to obtain the necessary information from the foreign bank.

31 CFR 1060.300(d) requires that U.S. banks maintain a copy of any report filed and the original or any business record equivalent of any supporting documentation for a report, including a foreign bank certification or other responses to a FinCEN inquiry pursuant to 31 CFR 1060.300, for a period five years.

## 2. Method of collection and use of data.

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foreign bank, or to handle other financial transactions related to such foreign bank.

<sup>6</sup> 31 CFR 1010.100(u). A foreign bank is defined as a bank organized under foreign law, or an agency, branch or office located outside the United States of a bank. The term does not include an agent, agency, branch or office within the United States of a bank organized under foreign law.

<sup>7</sup> For purposes of 31 CFR 1060.300, “Iranian-linked financial institution designated under IEEPA” means a financial institution designated by the U.S. Government pursuant to IEEPA (or listed in an annex to an Executive order issued pursuant to IEEPA) in connection with Iran's proliferation of weapons of mass destruction or delivery systems for weapons of mass destruction, or in connection with Iran's support for international terrorism.

<sup>8</sup> For purposes of 31 CFR 1060.300, an “IRGC-linked person designated under IEEPA” means the IRGC or any of its agents or affiliates designated by the United States Government pursuant to IEEPA (or listed in an annex to an Executive order issued pursuant to IEEPA).

<sup>9</sup> Available at [https://www.fincen.gov/sites/default/files/federal\\_register\\_notice/CISADA\\_Certification.pdf](https://www.fincen.gov/sites/default/files/federal_register_notice/CISADA_Certification.pdf).

There are no specific methods required to collect information in response to CISADA requests. FinCEN will specify the format and manner to report the information. Typically FinCEN has required that CISADA responses be submitted via the Secure Information Sharing System (SISS). FinCEN has developed an optional certification form that includes a request to the foreign bank for information required under 31 CFR 1060.300. U.S. banks may use the certification form to obtain the necessary information from the foreign bank. If applicable, FinCEN may specifically request confirmation that the U.S. bank does not maintain a correspondent account for the foreign bank(s).

The information collected and retained assists Federal, state and local law enforcement in tracing the proceeds of criminal or illegal activity and in identifying, investigating, and prosecuting individuals and entities involved in a variety of financial crimes.

Any information received will be used to provide FinCEN with information from U.S. banks regarding the nature of foreign bank activities that may be relevant to CISADA. Based on the reports, immediate action may be taken under section 104(c) of CISADA or there may be consultation with foreign banks that maintain correspondent accounts for Iranian-linked Financial Institutions; that have processed one or more transfers of funds for or on behalf of, directly or indirectly, an Iranian-linked Financial Institution or an IRGC-linked Person; or that have been unwilling to respond to inquiries from the banks at which the foreign banks maintain correspondent accounts.

3. Use of improved information technology to reduce burden.

As noted above, there are no specific methods required to collect information in response to CISADA requests. FinCEN will specify the format and manner to report the information. Typically FinCEN has required that CISADA responses be submitted via the SISS. FinCEN has developed an optional certification form that includes a request to the foreign bank for information required under 31 CFR 1060.300. U.S. banks may use the certification form to obtain the necessary information from the foreign bank.

4. Efforts to identify duplication.

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

5. Methods to minimize burden on small businesses or other small entities.

FinCEN has developed an optional certification form that includes a request to the foreign bank for information required under 31 CFR 1060.300. U.S. banks may use the certification form to obtain the necessary information from the foreign bank. In addition, financial institutions that maintain correspondent accounts with foreign banks are generally large institutions.

6. Consequences to the Federal government of not collecting the information.

The Federal government requires reporting of this information only upon request. FinCEN requires reports from those banks that maintain correspondent accounts for the specific foreign banks that are of interest for purposes of CISADA implementation. A failure to collect the required information could hamper FinCEN and law enforcement efforts to detect and deter illegal activity while it is still ongoing and discernible. The timely reporting of this information provides law enforcement with important investigative leads in order to take appropriate action, including tracing criminal proceeds, gathering additional evidence, seizing funds, and stopping the movement of funds before criminal elements can change their schemes for disposing of the profits of illegal activity.

7. Special circumstances requiring data collection inconsistent with guidelines.

Pursuant to 31 CFR 1010.430(d), all records that are required to be retained by 31 CFR Chapter X must be retained for a period of five years. The five year retention period ensures that law enforcement will have access to records for a reasonable period of time and allows for verification of compliance with specific requirements.

8. Consultation with individuals outside of the agency on availability of data, frequency of collection, clarity of instructions and forms, and data elements.

The 60-day notice was published on February 16, 2022.<sup>10</sup> The notice requested public comments on the proposed renewal, without change, of currently approved information collections relating to reporting obligations on foreign bank relationships with Iranian-linked financial institutions designated under IEEPA and IRGC-linked persons designated under IEEPA. In response to the notice, FinCEN received one comment that was not relevant to the regulation or corresponding burden.

9. Explanation of decision to provide any payment or gift to respondents.

No payments or gifts were made to respondents.

10. Assurance of confidentiality of responses.

The information collected under this requirement is made available to appropriate agencies and organizations as disclosed in FinCEN's Privacy Act System of Records Notice (SORN) relating to BSA reports.<sup>11</sup>

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<sup>10</sup> Financial Crimes Enforcement Network, *Agency Information Collection Activities; Proposed Renewal; Comment Request; Renewal Without Change of Reporting Obligations on Foreign Bank Relationships With Iranian-Linked Financial Institutions Designated Under IEEPA and IRGC-Linked Persons Designated Under IEEPA*, 87 FR 8930, (February 16, 2022), available at <https://www.federalregister.gov/documents/2022/02/16/2022-03266/agency-information-collection-activities-proposed-renewal-comment-request-renewal-without-change-of>.

<sup>11</sup> See FinCEN's System of Records Notice for the BSA System at 79 FR 20974, April 14, 2014 <https://www.federalregister.gov/documents/2014/04/14/2014-08254/privacy-act-of-1974-as-amended-system-of>

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 FinCEN's SORN.<sup>12</sup>

12. Estimated annual hourly burden.

Frequency: As required.

Estimated Number of Potential Respondents: 5,164 banks.<sup>13</sup>

**Table 1 - Breakdown of the estimated number of U.S. banks that have a correspondent account with a specified foreign bank, versus the estimated number of banks that do not have a correspondent account for a specified foreign bank**

<b>Number of Reports from U.S. Banks that Maintain a Correspondent Account for a Specified Foreign Bank in a CISADA Request<sup>14</sup></b>	<b>Number of Reports from U.S. Banks that Do Not Maintain a Correspondent Account for a Specified Foreign Bank in a CISADA Request<sup>15</sup></b>	<b>Estimated Number of CISADA-Related Reports Submitted to FinCEN Annually as a Result of Inquiries under 31 CFR 1060.300</b>
520	520	1,040

Estimated Number of Responses: 1,040 responses.

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[records-notice.](#)

12 *Id.*

13 Data are from the Federal Reserve's Structured Data for U.S. Banking Offices (see [FRB: Structure Data for U.S. Banking Offices of Foreign Entities \(federalreserve.gov\)](#)) and quarterly call report bank data (specifically, Schedule RC-E: Deposit liabilities, line 5: liabilities of banks in foreign countries) from the Financial Institution Retrieval Data System (FINDRS). Using these two sources, FinCEN determines that as of Q3 2021, approximately 5,164 banking organizations (national and state banks, trusts, thrifts and savings and loans, branches and agencies of foreign banking organizations, representative offices, Edge Act corporations, and agreement corporations) will be affected by this rule on any given year. Specifically, we determine that there are approximately: 190 branches and agencies of foreign banks; 115 representative offices, Edge Act corporations, and agreement corporations; and 4,859 U.S. banks (national and state chartered, trusts, savings and loans, thrifts) that report values for deposit liabilities of banks in foreign countries. Deposit liabilities in a foreign country is an indication that a bank maintains at least one correspondent account with a foreign financial institution.

14 One percent of banks (52) multiplied by 10 CISADA Request per U.S. bank equals 520 CISADA-related reports.

15 One percent of banks (52) multiplied by 10 CISADA Request per U.S. bank equals 520 CISADA-related reports.

**Table 2 - Estimated hourly burden associated with complying with 31 CFR 1060.300**

Type of CISADA-Related Report	Total Number of CISADA-Related Reports per Type	Burden Hours per U.S. Bank	Total Burden Hours per Type of CISADA-Related Report
Inquire with a foreign bank for which the U.S. bank maintains a correspondent account, and report the foreign bank's responses to FinCEN.	520	3 hours	1,560
Report to FinCEN that the U.S. bank does not maintain a correspondent account for the specified foreign bank.	520	30 minutes	260
<b>Total Burden Hours</b>			<b>1,820</b>

Estimated Total Annual Burden Hours: 1,820.

13. Estimated annual cost burden.

**Table 3 - Total Cost of Traditional Annual PRA Burden**

Steps	Hourly Burden	Hourly Cost	Total Cost
Inquire with a foreign bank for which the U.S. bank maintains a correspondent account, and report the foreign bank's responses to FinCEN.	1,560	\$96.00 <sup>16</sup>	\$149,760
Report to FinCEN that the U.S. bank does not maintain a correspondent account for the specified foreign bank.	260	\$96.00 <sup>17</sup>	\$24,960
<b>Total Cost</b>			<b>\$174,720</b>

Estimated Total Annual Cost: \$174,720.

<sup>16</sup> See *supra* note 10.

<sup>17</sup> See *supra* note 10.

There are no non-labor costs associated with this collection of information.

14. Estimated annualized cost to the government.

There is no cost to the Federal government. The responses are submitted to FinCEN electronically via the SISS.

15. Reasons for change in burden.

The estimated total annual burden hours decreased by 1,005 hours from 2,825 hours in 2018 to 1,820 hours in 2022. The burden per CISADA-related report from U.S. banks that maintain correspondent accounts for specified foreign banks remained at 3 hours per response. The burden per CISADA-related report from U.S. banks that do not maintain correspondent accounts for specified foreign banks remained at 30 minutes per response. The reduction in burden is a result of a combination of a decrease in the estimated total number of CISADA-related reports from 1,150 in 2018 to 1,040 in 2022, and a decrease in the estimated number of CISADA-related reports from U.S. banks that maintain correspondent accounts for specified foreign banks from 900 in 2018 to 520 in 2022.

16. Plans for tabulation, statistical analysis and publication.

This collection of information will not be published.

17. Request not to display the expiration date of the OMB control number.

FinCEN requests that it not be required to display the expiration date so that the regulations and optional certification form will not have to be amended for the new expiration date every three years.

18. Exceptions to the certification statement.

There are no exceptions to the certification statement.